

**Wolsey-Wessington School District No. 2-6**

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

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

# Wolsey-Wessington School District No. 2-6

School District Officials

June 30, 2025

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## Board Members:

Tara Timm ----- Board President

Ashley Dorris -----Vice President

Mason Moeding ----- Member

Jamie Flemming ----- Member

Jeff Luce ----- Member

Teri Eichstadt----- Member

Herman Eichstadt----- Member

Riley Donovan-----Superintendent

Amy Langbehn -----Business Manager

# Wolsey-Wessington School District No. 2-6

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

School Board  
Wolsey-Wessington School District No. 2-6  
Beadle 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 Wolsey-Wessington School District No. 2-6, South Dakota (School District), as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated January 8, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## School District's Response to Findings

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

## Purpose of This Report

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



Huron, South Dakota  
January 8, 2026

**Wolsey-Wessington School District No. 2-6**  
Schedule of Prior Audit Findings  
For the Year Ended June 30, 2025

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**Finding Number 2024-001**

Significant Deficiency

Internal control over Lack of Proper Segregation of Duties for Revenues, Expenditures, and Payroll

Repeat Finding from Prior Years: Yes

Finding Summary: We know that the School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue, expenditure, and payroll functions because of a lack of segregation of duties.

Status: Ongoing. Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.

**Finding Number 2024-002**

Significant Deficiency

Internal Control over Year-end Closing Procedures Including Preparation of the Financial Statements

Repeat Finding From Prior Years: Yes

Finding Summary: ELO Prof. LLC prepared our draft financial statements and notes to the financial statements. These included significant journal entries, including restatements of beginning balances.

Status: Ongoing. Due to cost considerations, we will continue to have ELO Prof. LLC prepare our draft financial statements and notes to the financial statements. We have designated a member of management to review the drafted financial statements and notes to the financial statements.

**Wolsey-Wessington School District No. 2-6**  
Schedule of Current Audit Findings  
For the Year Ended June 30, 2025

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**Finding 2025-001**

Significant Deficiency

Internal Control Related for Lack of Proper Segregation of Duties for Revenues, Expenditures, and Payroll

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

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

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

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

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

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

**Wolsey-Wessington School District No. 2-6**  
Schedule of Current Audit Findings  
For the Year Ended June 30, 2025 (Continued)

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**Finding 2025-002**

Significant Deficiency

Internal Control Over Year-end Closing Process Including Preparation of the Financial Statements

Criteria: The District requested the external auditors to assist in the preparation of the financial statements, and related footnotes for the year ended June 30, 2025. As part of the financial statement preparation process, at times we propose material audit adjustments that are not identified as a result of the School District's existing internal controls and, therefore, could result in a misstatement to the School District's financial statements.

Condition: The School District's internal control structure should be designed to provide for the preparation of the financial statements and footnotes, which includes having an adequate system for recording and processing entries material to the financial statements being audited in accordance with generally accepted accounting principles.

Cause: The lack of technical knowledge of the School District's staff and resources cause the inability to prepare the financial statements and footnotes.

Effect: This condition may affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Also, a thorough review of the transactions in each fund should take place prior to the beginning of the audit, to ensure generally accepted accounting principles have been followed for each fund type, especially for transaction types infrequent in occurrence.

View of Management: Management agrees with the finding



## Independent Auditor's Report

School Board  
Wolsey-Wessington School District No. 2-6  
Beadle 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 Wolsey-Wessington School District No. 2-6, South Dakota (School District), as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wolsey-Wessington School District No. 2-6 as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2026 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "CIO Prof LRC".

Huron, South Dakota  
January 8, 2026

**Wolsey-Wessington School District No. 2-6**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended June 30, 2025

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This section of Wolsey-Wessington School District No. 2-6 annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School's financial statements, which follows this section.

**Financial Highlights**

- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were \$6,087,548, \$266,410 more than the \$5,821,138 governmental and business-type program expenditures.
- In the governmental funds, total fund balance decrease was \$641,034. There was an increase of \$3,525 in General Fund, a decrease of \$588,673 in Capital Outlay Fund, a decrease of \$238,982 in Special Education Fund, an increase of \$183,096 in Debt Service Funds. The Debt Service Fund will eventually payoff the Qualified School Construction Term Bond.
- The school utilizes SDCL 13-16-6 to transfer up to 45% of the total tax revenues to support general fund activities. In FY 25 this transfer was \$410,000.

**Overview of the Financial Statements**

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general governmental services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities that the School operates like businesses. The proprietary funds operated by the School are the Food Service Operation (Fund 51), and the Drivers Education/Preschool funds (Fund 53).
- Fiduciary fund statements provide information about the financial relationships – like student organization club accounts – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

**Wolsey-Wessington School District No. 2-6**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended June 30, 2025

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

**Figure A-1**

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

**Wolsey-Wessington School District No. 2-6**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended June 30, 2025

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### **Government-Wide Statements**

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

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

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

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

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, and federal grants finance most of these activities.
- **Business-type Activities** – The School charges fees and receives federal and state reimbursements to cover the costs of providing lunch services to all students and charges fees to cover the costs of providing drivers education and preschool services to students. The Food Service, Drivers' Education and Preschool funds are the only business-type activities of the School.

### **Fund Financial Statements**

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

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

**Wolsey-Wessington School District No. 2-6**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended June 30, 2025

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The School has three kinds of funds:

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

**Wolsey-Wessington School District No. 2-6**  
Management’s Discussion and Analysis (MD&A)  
For the Year Ended June 30, 2025

**Financial Analysis of the School as a Whole – Net Position**

Net Position

The school’s combined net position increased as follows:

Table A-1  
Wolsey-Wessington School District 2-6  
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total % Change 2024-2025
	2024	2025	2024	2025	2024	2025	
Current and Other Assets	\$ 9,818,119	\$ 9,643,843	\$ 57,965	\$ 33,509	\$ 9,876,084	\$ 9,677,352	-2.01%
Capital Assets (Net of Depreciation)	7,371,017	8,200,896	17,030	13,624	7,388,047	8,214,520	11.19%
Total Assets	17,189,136	17,844,739	74,995	47,133	17,264,131	17,891,872	3.64%
Pension Related Deferred Outflows	795,836	690,230	--	--	795,836	690,230	-13.27%
Total Deferred Outflows or Resources	795,836	690,230	--	--	795,836	690,230	-13.27%
Long-Term Liabilities Outstanding	5,874,491	5,686,420	--	--	5,874,491	5,686,420	-3.20%
Other Liabilities	377,386	798,822	42,435	26,975	419,821	825,797	96.70%
Total Liabilities	6,251,877	6,485,242	42,435	26,975	6,294,312	6,512,217	3.46%
Taxes Levied for Future Period	1,342,394	1,390,450	--	--	1,342,394	1,390,450	3.58%
Pension Related Deferred Inflows	459,103	448,867	--	--	459,103	448,867	-2.23%
Total Deferred Inflows of Resources	1,801,497	1,839,317	--	--	1,801,497	1,839,317	2.10%
Net Investment in Capital Assets	1,699,425	2,946,653	17,030	13,624	1,716,455	2,960,277	72.46%
Restricted	7,778,973	7,033,432	--	--	7,778,973	7,033,432	-9.58%
Unrestricted	453,200	230,325	15,530	6,534	468,730	236,859	-49.47%
Total Net Assets	9,931,598	10,210,410	32,560	20,158	9,964,158	10,230,568	2.67%
Beginning Net Position	9,504,470	9,931,598	32,712	32,560	9,537,182	9,964,158	4.48%
Increase (Decrease) in Net Position	\$ 427,128	\$ 278,812	\$ (152)	\$ (12,402)	\$ 426,976	\$ 266,410	-37.61%
Percentage of Increase (Decrease) in Net Position	4.49%	2.81%	-0.46%	-38.09%	4.48%	2.67%	

The District’s combined net position of approximately \$10 million is approximately \$266,000 or 4.48% larger than on June 30, 2024.

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

**Wolsey-Wessington School District No. 2-6**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended June 30, 2025

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**Changes in Net Position**

The District's revenues (excluding transfers) totaled \$6,087,548 (See Table A-4). This was approximately a 3.22% increase. Approximately 55% of the District's revenues come from property and other taxes, with another 27% coming from state aid. (See Table A-2.)

Table A-2  
Wolsey-Wessington School District 2-6  
Sources of Revenues  
Fiscal Year 2024-2025

Taxes	\$ 3,373,708	55.42%
State Sources	1,630,697	26.79%
Operating Grants & Contributions	559,542	9.19%
Other General Revenues	212,581	3.49%
Charges for Services	156,666	2.57%
Unrestricted Investment Earnings	154,354	2.54%
<b>Total Revenue</b>	<b>\$ 6,087,548</b>	<b>100.00%</b>

The District's expenses totaled \$5,821,138 (See Table A-4). This was a 6.40% increase from the prior year. The School's expenses cover a range of services, encompassing instruction, support services, co-curricular, food services, community services, debt service, preschool services, and driver's education (See Table A-3).

Table A-3  
Wolsey-Wessington School District 2-6  
Statement of Expenditures  
Fiscal Year 2024-2025

Instruction	\$ 2,746,218	47.19%
Support Services	2,259,137	38.81%
Co-Curricular Activities	334,285	5.74%
Food Service	233,634	4.01%
Interest on Long-Term Debt	160,866	2.76%
Preschool Program	61,800	1.06%
Community Services	18,267	0.31%
Drivers Education	6,931	0.12%
<b>Total Expenditures</b>	<b>\$ 5,821,138</b>	<b>100.00%</b>

**Wolsey-Wessington School District No. 2-6**  
**Management's Discussion and Analysis (MD&A)**  
**For the Year Ended June 30, 2025**

**Governmental and Business-Type Activities**

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

Table A-4  
Wolsey-Wessington School District No. 2-6  
Changes in Net Position

	Government Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
<b>Revenues</b>							
<b>Program Revenues</b>							
Charge for Services	\$ 29,544	\$ 40,677	\$ 114,915	\$ 115,989	\$ 144,459	\$ 156,666	8.45%
Operating Grants/Contributions	384,019	469,568	91,152	89,974	475,171	559,542	17.76%
<b>General Revenues</b>							
Taxes	3,386,295	3,373,708	--	--	3,386,295	3,373,708	-0.37%
Revenue State Sources	1,528,226	1,630,697	--	--	1,528,226	1,630,697	6.71%
<b>Other</b>							
Revenue from federal sources	87,487	--	--	--	87,487	--	-100.00%
Other general revenues	109,660	212,581	--	--	109,660	212,581	93.85%
Unrestricted Investment Earnings	166,439	154,354	--	--	166,439	154,354	-7.26%
	<u>5,691,670</u>	<u>5,881,585</u>	<u>206,067</u>	<u>205,963</u>	<u>5,897,737</u>	<u>6,087,548</u>	<u>3.22%</u>
<b>Expenses</b>							
Instruction	2,446,589	2,746,218	--	--	2,446,589	2,746,218	12.25%
Support Services	2,231,194	2,259,137	--	--	2,231,194	2,259,137	1.25%
Community Services	35,242	18,267	--	--	35,242	18,267	-48.17%
Interest on long-term debt	128,185	160,866	--	--	128,185	160,866	25.50%
Co-curricular Activities	318,332	334,285	--	--	318,332	334,285	5.01%
Food Service	--	--	239,375	233,634	239,375	233,634	-2.40%
Drivers Education	--	--	6,931	6,931	6,931	6,931	0.00%
Preschool Program	--	--	64,913	61,800	64,913	61,800	-4.80%
	<u>5,159,542</u>	<u>5,518,773</u>	<u>311,219</u>	<u>302,365</u>	<u>5,470,761</u>	<u>5,821,138</u>	<u>6.40%</u>
Excess (Deficiency) of Revenues Over Expenses	532,128	362,812	(105,152)	(96,402)	426,976	266,410	-37.61%
Transfers	(105,000)	(84,000)	105,000	84,000	--	--	0.00%
Increase (Decrease) in Net Position	<u>427,128</u>	<u>278,812</u>	<u>(152)</u>	<u>(12,402)</u>	<u>426,976</u>	<u>266,410</u>	<u>-37.61%</u>
Beginning Net Position	9,504,470	9,931,598	32,712	32,560	9,537,182	9,964,158	4.48%
Ending Net Position	<u>\$ 9,931,598</u>	<u>\$ 10,210,410</u>	<u>\$ 32,560</u>	<u>\$ 20,158</u>	<u>\$ 9,964,158</u>	<u>\$ 10,230,568</u>	<u>2.67%</u>

**Governmental Activities**

Revenues for the School's governmental activities increased by approximately \$190,000 while expenses for governmental activities increased by approximately \$360,000. Some of the increase in net position comes from higher revenues such as higher service charges, state revenue, and operating grants.

**Wolsey-Wessington School District No. 2-6**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended June 30, 2025

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**Business-Type Activities**

Revenues of the School's business-type activities decreased by approximately \$100 and expenses decreased by approximately \$8,900. The general fund transferred \$84,000 to cover operating costs.

Other factors contributing to these results included:

- Decrease in revenue was due to a decrease in reimbursement money.
- The primary reason for the decrease in expenses was lower food service costs.

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

Overall, the governmental funds have an approximately \$280,000 increase in net position over last year. The main cause was that revenue from state sources along with other general revenues increased in FY25.

**General Fund Budgetary Highlights**

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

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

There were budget changes for the year due to increases in special education, title I and title II costs.

**Wolsey-Wessington School District No. 2-6**  
Management's Discussion and Analysis (MD&A)  
For the Year Ended June 30, 2025

**Capital Asset Administration**

By the end of June 30, 2025, the School had invested roughly \$8,214,520 (net of depreciation) in a broad range of capital assets, including, land, construction in progress, buildings, intangible lease assets, and various machinery and equipment. (See Table A-5.) This amount represents a net decrease (including additions and deductions) of \$826,473, or 11.19%, over last year due mostly to the natural increase of accumulated depreciation.

Table A-5  
Capital Assets (Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2024	2025	2024	2025		
Land	\$ 46,040	\$ 46,040	\$ --	\$ --	\$ --	0.00%
Construction in progress	--	662,203	--	--	662,203	100.00%
Buildings	6,681,568	6,759,831	--	--	78,263	1.17%
Improvements other than buildings	151,471	139,936	--	--	(11,535)	-7.62%
Machinery & equipment	452,777	571,659	17,030	13,624	115,476	24.58%
Intangible lease assets - restated	39,161	21,227	--	--	(17,934)	-45.80%
<b>Total Capital Assets</b>	<b>\$ 7,371,017</b>	<b>\$ 8,200,896</b>	<b>\$ 17,030</b>	<b>\$ 13,624</b>	<b>\$ 826,473</b>	<b>11.19%</b>

**Long-Term Debt**

At year-end, the School had \$5,686,420 long-term obligations. This is a decrease of 3.20% as shown on Table A-6 below.

Table A-6  
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2024	2025		
Qualified School Construction Bonds	\$ 3,090,000	\$ 3,090,000	\$ --	0.00%
Limited Tax General Obligation Capital				
Outlay Certificates	2,715,000	2,525,000	(190,000)	-7.00%
Plus: Unamortized Premiums	20,909	19,166	(1,743)	-8.34%
Leases - restated	40,412	22,086	(18,326)	-45.35%
Early Retirement Payable - Governmental				
Funds	--	19,093	19,093	100.00%
Compensated absences	8,170	11,075	2,905	35.56%
<b>Total Outstanding Debt</b>	<b>\$ 5,874,491</b>	<b>\$ 5,686,420</b>	<b>\$ (188,071)</b>	<b>-3.20%</b>

The School is liable for the accrued sick leave payable to the various employees who have tenure at the School District.

**Wolsey-Wessington School District No. 2-6**  
Management’s Discussion and Analysis (MD&A)  
For the Year Ended June 30, 2025

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The School District also has an early retirement benefit for those employees meeting certain qualifications to retire early and can receive a monthly check, reduced by all required deductions according to federal and state statutes, equal to the amount of a monthly insurance payment. These benefits are only offered for a maximum of 24 months after the employee’s retirement date and the school will only pay no more than two Wolsey-Wessington teachers in any one year. If there are more than two applicants for early retirement/insurance, the teacher with the most total years employed in the Wolsey-Wessington School District shall be allowed to retire and receive benefits first. As of the end of FY25, the School District had zero employees that will utilize this option during FY26.

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

The School’s current economic position has shown an increase in valuations. The School’s total property valuation for the 2024 taxes payable in 2025 is \$563,928,390. The School did experience an increase in total property valuation of \$28,218,175 or approximately 5.3% from the prior year. The increase in property valuation allows the School the ability to decrease the amount of revenue generated from property taxes, however, the total amount which can be levied is limited by the State of South Dakota.

One of the primary sources of revenue to the School is based on a target student to teacher ratio set by the State of South Dakota Legislature. This revised state aid to education formula did increase the district’s total need by \$82,852 from the previous year.

The School’s enrollment for the last three years has been as follows:

Table A-7  
Wolsey-Wessington School District  
ADM for the Last Three Years

<u>Year</u>	<u>ADM</u>	<u>Percent Increase (Decrease) in ADM</u>
2025	300	-0.66%
2024	302	-10.39%
2023	337	-0.59%

**Contacting the District’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the School’s finances and to demonstrate the School’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Wolsey-Wessington School’s Business Office, 375 Ash St. SE, Wolsey, SD 57384.

**Wolsey-Wessington School District No. 2-6**  
Statement of Net Position – Government-Wide  
June 30, 2025

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,689,306	\$ 22,046	\$ 4,711,352
Taxes receivable	1,407,299	--	1,407,299
Inventories	--	5,048	5,048
Other assets	251,941	6,415	258,356
Net pension asset	3,572	--	3,572
Restricted Assets:			
Cash and cash equivalents	3,291,725	--	3,291,725
Capital Assets:			
Land and construction in progress	708,243	--	708,243
Other capital assets, net of depreciation	7,492,653	13,624	7,506,277
Total Assets	<u>17,844,739</u>	<u>47,133</u>	<u>17,891,872</u>
<b>Deferred Outflows of Resources:</b>			
Pension related deferred outflows	690,230	--	690,230
<b>Liabilities:</b>			
Accounts payable	432,220	1,425	433,645
Other current liabilities	366,602	25,550	392,152
Noncurrent Liabilities:			
Due within one year	221,626	--	221,626
Due in more than one year	5,464,794	--	5,464,794
Total Liabilities	<u>6,485,242</u>	<u>26,975</u>	<u>6,512,217</u>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for future period	1,390,450	--	1,390,450
Pension related deferred inflows	448,867	--	448,867
Total Deferred Inflows of Resources	<u>1,839,317</u>	<u>--</u>	<u>1,839,317</u>
<b>Net Position:</b>			
Net investment in capital assets	2,946,653	13,624	2,960,277
Restricted for:			
Capital outlay	3,227,867	--	3,227,867
Special education	268,905	--	268,905
Debt service	3,291,725	--	3,291,725
SDRS pension purposes	244,935	--	244,935
Unrestricted	230,325	6,534	236,859
Total Net Position	<u>\$ 10,210,410</u>	<u>\$ 20,158</u>	<u>\$ 10,230,568</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**  
Statement of Activities – Government-Wide  
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 2,746,218	\$ --	\$ 390,571	\$ (2,355,647)	\$ --	\$ (2,355,647)
Support services	2,259,137	1,846	78,997	(2,178,294)	--	(2,178,294)
Community services	18,267	--	--	(18,267)	--	(18,267)
Interest on long term debt*	160,866	--	--	(160,866)	--	(160,866)
Co-curricular activities	334,285	38,831	--	(295,454)	--	(295,454)
<b>Total Governmental Activities</b>	<b>5,518,773</b>	<b>40,677</b>	<b>469,568</b>	<b>(5,008,528)</b>	<b>--</b>	<b>(5,008,528)</b>
Business-Type Activities:						
Food service	233,634	97,633	89,974	--	(46,027)	(46,027)
Driver's education	6,931	4,680	--	--	(2,251)	(2,251)
Preschool program	61,800	13,676	--	--	(48,124)	(48,124)
<b>Total Business-Type Activities</b>	<b>302,365</b>	<b>115,989</b>	<b>89,974</b>	<b>--</b>	<b>(96,402)</b>	<b>(96,402)</b>
<b>Total Primary Government</b>	<b>\$ 5,821,138</b>	<b>\$ 156,666</b>	<b>\$ 559,542</b>	<b>(5,008,528)</b>	<b>(96,402)</b>	<b>(5,104,930)</b>
General Revenues:						
Taxes:						
Property taxes				3,321,015	--	3,321,015
Gross receipts taxes				52,693		52,693
Revenue from State Sources:						
State aid				1,630,697	--	1,630,697
Unrestricted investment earnings				154,354	--	154,354
Other general revenues				212,581	--	212,581
Transfers				(84,000)	84,000	--
<b>Total General Revenues and Transfers</b>				<b>5,287,340</b>	<b>84,000</b>	<b>5,371,340</b>
Change in Net Position				278,812	(12,402)	266,410
<b>Net Position - Beginning of Year</b>				<b>9,931,598</b>	<b>32,560</b>	<b>9,964,158</b>
<b>Net Position - End of Year</b>				<b>\$ 10,210,410</b>	<b>\$ 20,158</b>	<b>\$ 10,230,568</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**

Balance Sheet – Governmental Funds

June 30, 2025

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 791,729	\$ 3,616,771	\$ 280,806	\$ --	\$ 4,689,306
Taxes receivable - current	383,045	654,817	352,588	--	1,390,450
Taxes receivable - delinquent	6,250	6,731	3,868	--	16,849
Due from other government	171,177	--	80,764	--	251,941
Restricted cash	--	--	--	3,291,725	3,291,725
Total Assets	<u>\$ 1,352,201</u>	<u>\$ 4,278,319</u>	<u>\$ 718,026</u>	<u>\$ 3,291,725</u>	<u>\$ 9,640,271</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 22,726	\$ 388,904	\$ 20,590	\$ --	\$ 432,220
Contracts payable	228,216	--	47,452	--	275,668
Payroll deductions and withholding and employer matching payable	68,085	--	22,849	--	90,934
Total Liabilities	<u>319,027</u>	<u>388,904</u>	<u>90,891</u>	<u>--</u>	<u>798,822</u>
<b>Deferred Inflows of Resources:</b>					
Taxes levied for a future period	383,045	654,817	352,588	--	1,390,450
Unavailable revenue - property taxes	6,250	6,731	3,868	--	16,849
Total Deferred Inflows of Resources	<u>389,295</u>	<u>661,548</u>	<u>356,456</u>	<u>--</u>	<u>1,407,299</u>
<b>Fund Balances:</b>					
Restricted					
Capital outlay fund	--	3,227,867	--	--	3,227,867
Special education fund	--	--	270,679	--	270,679
Debt service requirements	--	--	--	3,291,725	3,291,725
Assigned	150,000	--	--	--	150,000
Unassigned	493,879	--	--	--	493,879
Total Fund Balances	<u>643,879</u>	<u>3,227,867</u>	<u>270,679</u>	<u>3,291,725</u>	<u>7,434,150</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,352,201</u>	<u>\$ 4,278,319</u>	<u>\$ 718,026</u>	<u>\$ 3,291,725</u>	<u>\$ 9,640,271</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**

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

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Total Fund Balances - Governmental Funds \$ 7,434,150

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in governmental funds.

Cost of Capital Assets	11,949,512	
Less Accumulated Depreciation	<u>(3,748,616)</u>	
Net Capital Assets		8,200,896

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds. 16,849

The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.

Total Deferred Outflows of Resources	690,230	
Total Deferred Inflows of Resources	<u>(448,867)</u>	
Net Deferred Outflows/Inflows of Resources		241,363

Long-term liabilities applicable to the school district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of June 30, 2023 are:

Qualified School Construction Bonds	(3,090,000)	
Limited tax general obligation, capital outlay certificates	(2,544,166)	
Early Retirement Payable	(19,093)	
Leases	(22,086)	
Accrued Leave Payable	(11,075)	
Pension Asset	<u>3,572</u>	
Net Long-Term Liabilities		<u>(5,682,848)</u>
Net Position-Governmental Funds		<u><u>\$ 10,210,410</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2025

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>Revenues:</b>					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 940,201	\$ 1,518,929	\$ 830,917	\$ --	\$ 3,290,047
Prior years' ad valorem taxes	5,718	9,015	5,324	--	20,057
Utility taxes	52,693	--	--	--	52,693
Penalties and interest on taxes	2,214	3,676	2,143	--	8,033
Earnings on Investments and Deposits	70,935	--	--	83,419	154,354
Co-curricular Activities:					
Admissions	19,306	--	--	--	19,306
Rentals	925	--	--	--	925
Other Student Activities	18,600	--	--	--	18,600
Other Revenue from Local Sources:					
Rentals	39,525	--	--	--	39,525
Charges for services	--	--	1,846	--	1,846
Other	150	21,098	--	--	21,248
Revenue from Intermediate Sources:					
County sources:					
County apportionment	12,154	--	--	--	12,154
Lease of county-owned land	1,452	--	--	--	1,452
Revenue in lieu of taxes	7,365	--	--	--	7,365
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	1,630,697	--	--	--	1,630,697
Restricted grants-in-aid	5,517	--	--	--	5,517
Other State Revenue	--	--	292	--	292
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid received from federal government through state	--	--	78,997	--	78,997
Restricted grants-in-aid received from federal government through the state	191,989	191,006	1,767	--	384,762
Other Federal Revenue	--	116,729	--	--	116,729
<b>Total Revenues</b>	<u>\$ 2,999,441</u>	<u>\$ 1,860,453</u>	<u>\$ 921,286</u>	<u>\$ 83,419</u>	<u>\$ 5,864,599</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2025 (Continued)

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>Expenditures:</b>					
Instruction:					
Regular Programs:					
Elementary	\$ 577,195	\$ 25,139	\$ --	\$ --	\$ 602,334
Middle/junior high	272,230	31,239	--	--	303,469
High school	532,477	161,101	--	--	693,578
Special Programs:					
Programs for special education	--	--	735,750	--	735,750
Educationally deprived	183,060	--	--	--	183,060
Support Services:					
Students:					
Attendance and social work	--	--	16,970	--	16,970
Guidance	100,141	--	13,409	--	113,550
Health	68,629	--	--	--	68,629
Psychological	--	--	58,286	--	58,286
Speech pathology	--	--	113,093	--	113,093
Student therapy services	--	--	37,486	--	37,486
Instructional Staff:					
Improvement of instruction	15,008	--	--	--	15,008
Educational media	40,503	1,126	--	--	41,629
General Administration:					
Board of education	14,819	--	--	--	14,819
Executive administration	156,471	3,996	--	--	160,467
School Administration:					
Office of the principal	199,469	1,088	--	--	200,557
Business:					
Fiscal services	140,040	7,018	--	--	147,058
Operation and maintenance of plant	575,264	181,822	--	--	757,086
Student transportation	171,492	9,093	--	--	180,585
Food Service	--	233	--	--	233

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**

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

For the Year Ended June 30, 2025 (Continued)

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>Expenditures:</b>					
Special Education:					
Administrative costs	--	--	57,783	--	57,783
Transportation costs	--	--	3,588	--	3,588
Other special education costs	--	--	123,903	--	123,903
Community Services:					
Care and custody of children	18,267	--	--	--	18,267
Debt Services	--	368,030	--	--	368,030
Cocurricular Activities:					
Male activities	63,455	10,710	--	--	74,165
Female activities	59,695	2,901	--	--	62,596
Transportation	11,683	--	--	--	11,683
Combined activities	122,018	29,386	--	--	151,404
Capital Outlay	--	1,120,675	--	--	1,120,675
Total Expenditures	<u>3,321,916</u>	<u>1,953,557</u>	<u>1,160,268</u>	<u>--</u>	<u>6,435,741</u>
Excess of Revenue Over (Under) Expenditures	<u>(322,475)</u>	<u>(93,104)</u>	<u>(238,982)</u>	<u>83,419</u>	<u>(571,142)</u>
Other Financing Sources (Uses):					
Transfers in	410,000	--	--	99,677	509,677
Transfers out	(84,000)	(509,677)	--	--	(593,677)
Compensation for loss on fixed assets	--	12,483	--	--	12,483
Sale of surplus property	--	1,625	--	--	1,625
Total Other Financing Sources (Uses)	<u>326,000</u>	<u>(495,569)</u>	<u>--</u>	<u>99,677</u>	<u>(69,892)</u>
Net Change in Fund Balances	3,525	(588,673)	(238,982)	183,096	(641,034)
<b>Fund Balance - Beginning of Year</b>	640,354	3,816,540	509,661	3,108,629	8,075,184
<b>Fund Balance - End of Year</b>	<u>\$ 643,879</u>	<u>\$ 3,227,867</u>	<u>\$ 270,679</u>	<u>\$ 3,291,725</u>	<u>\$ 7,434,150</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
 Fund Balances to the Government-Wide Statement of Activities  
 For the Year Ended June 30, 2025

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Net Change in Fund Balances - Total Governmental Funds \$ (641,034)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	1,120,675	
Current Year Depreciation Expense	<u>(290,796)</u>	829,879

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (100,982)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Net Decrease in Taxes Receivable 2,878

Some liabilities, such as compensated absences, bonds payable, long-term debt, and notes payable, and other postemployment benefits are not included in the fund financial statement, but are included in the governmental activities of the net position as they do not represent current financial liabilities.

Payment of Principal Long-Term Debt	210,069	
Early Retirement Payable	(19,093)	
Accrued Leave	<u>(2,905)</u>	<u>188,071</u>

Change in Net Position of Governmental Activities \$ 278,812

**Wolsey-Wessington School District No. 2-6**  
Statement of Net Position – Proprietary Funds  
June 30, 2025

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Enterprise Fund</b>	<b>Total</b>
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 10,288	\$ 11,758	\$ 22,046
Accounts receivable	5,495	920	6,415
Inventory of supplies	1,098	--	1,098
Inventory of stores purchased for resale	3,753	--	3,753
Inventory of donated food	197	--	197
Total Current Assets	<u>20,831</u>	<u>12,678</u>	<u>33,509</u>
Capital Assets:			
Machinery and equipment - local funds	66,832	--	66,832
Accumulated depreciation	(53,208)	--	(53,208)
Total Capital Assets	<u>13,624</u>	<u>--</u>	<u>13,624</u>
Total Assets	<u>\$ 34,455</u>	<u>\$ 12,678</u>	<u>\$ 47,133</u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	\$ 250	\$ 1,175	\$ 1,425
Contract payable	1,846	8,602	10,448
Payroll deductions and withholdings	1,271	2,603	3,874
Unearned revenue	11,228	--	11,228
Total Current Liabilities	<u>14,595</u>	<u>12,380</u>	<u>26,975</u>
<b>Net Position:</b>			
Net investment in capital assets	13,624	--	13,624
Unrestricted net position	6,236	298	6,534
Total Net Position	<u>\$ 19,860</u>	<u>\$ 298</u>	<u>\$ 20,158</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**  
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds  
For the Year Ended June 30, 2025

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Enterprise Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Sales:			
To students	\$ 81,787	\$ --	\$ 81,787
To adults	10,480	--	10,480
Ala carte	4,594	--	4,594
Other charges for goods and services	772	18,356	19,128
Total Operating Revenue	<u>97,633</u>	<u>18,356</u>	<u>115,989</u>
<b>Operating Expenses:</b>			
Salaries	89,452	56,177	145,629
Employee benefits	34,804	11,718	46,522
Purchased services	4,779	--	4,779
Supplies	4,043	836	4,879
Cost of sales - purchased food	84,745	--	84,745
Cost of sales - donated food	12,350	--	12,350
Miscellaneous	55	--	55
Depreciation - local funds	3,406	--	3,406
Total Operating Expenses	<u>233,634</u>	<u>68,731</u>	<u>302,365</u>
Operating (Loss)	<u>(136,001)</u>	<u>(50,375)</u>	<u>(186,376)</u>
<b>Non-Operating Revenue:</b>			
State Sources:			
Cash reimbursements	406	--	406
Federal Sources:			
Cash reimbursements	77,589	--	77,589
Donated food	11,979	--	11,979
Total Non-Operating Revenue	<u>89,974</u>	<u>--</u>	<u>89,974</u>
Income (Loss) Before Transfers	(46,027)	(50,375)	(96,402)
Transfers in	<u>35,000</u>	<u>49,000</u>	<u>84,000</u>
Change in Net Position	(11,027)	(1,375)	(12,402)
<b>Net Position - Beginning of Year</b>	<u>30,887</u>	<u>1,673</u>	<u>32,560</u>
<b>Net Position- End of Year</b>	<u>\$ 19,860</u>	<u>\$ 298</u>	<u>\$ 20,158</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**  
Statement of Cash Flows– Proprietary Funds  
For the Year Ended June 30, 2025

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Enterprise</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers	\$ 89,313	\$ 18,356	\$ 107,669
Cash payments to suppliers	(94,206)	(457)	(94,663)
Cash payments to employees	(125,222)	(73,222)	(198,444)
Net Cash (Used) by Operating Activities	<u>(130,115)</u>	<u>(55,323)</u>	<u>(185,438)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Transfers from general fund	35,000	49,000	84,000
Cash reimbursements - state	406	--	406
Cash reimbursements - federal	77,589	--	77,589
Net Cash Provided by Non-Capital Financing Activities	<u>112,995</u>	<u>49,000</u>	<u>161,995</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(17,120)	(6,323)	(23,443)
<b>Cash and Cash Equivalents, Beginning of Year</b>	27,408	18,081	45,489
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 10,288</u>	<u>\$ 11,758</u>	<u>\$ 22,046</u>
<b>Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities</b>			
Operating (loss)	\$ (136,001)	\$ (50,375)	\$ (186,376)
<b>Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities</b>			
Depreciation expense	3,406	--	3,406
Noncash cost of sales - commodities	12,350	--	12,350
Change in Assets and Liabilities:			
Accounts receivable	517	--	517
Inventories	125	--	125
Accounts and other payables	(709)	879	170
Unearned revenue	(8,837)	--	(8,837)
Accrued wages payable	(966)	(5,827)	(6,793)
Net Cash (Used) by Operating Activities	<u>\$ (130,115)</u>	<u>\$ (55,323)</u>	<u>\$ (185,438)</u>
<b>Non-Cash Investing, Capital, and Financing Activities</b>			
Value of commodities received	<u>\$ 11,979</u>	<u>\$ --</u>	<u>\$ 11,979</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**

Statement of Net Position— Fiduciary Funds

For the Year Ended June 30, 2025

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	<b>Private - Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 2,200	\$ 123,013
 Total Assets	<u>\$ 2,200</u>	<u>\$ 123,013</u>
 <b>Net Position:</b>		
Restricted for:		
Scholarships	\$ 2,200	\$ --
Individuals, organizations, and other governments	<u>--</u>	<u>123,013</u>
 Total Net Position	<u>\$ 2,200</u>	<u>\$ 123,013</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Wolsey-Wessington School District No. 2-6**  
Statement of Changes in Fiduciary Net Position– Fiduciary Funds  
For the Year Ended June 30, 2025

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	<b>Private- Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Additions:</b>		
Collections for student activities	\$ --	\$ 228,130
Total Additions	--	228,130
<b>Deductions:</b>		
Scholarships awarded	800	--
Payments for student activities	--	233,623
Total Deductions	800	233,623
Change in Net Position	(800)	(5,493)
<b>Net Position - Beginning</b>	3,000	128,506
<b>Net Position - Ending</b>	\$ 2,200	\$ 123,013

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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### 1. Summary of Significant Accounting Policies:

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

#### a. Financial Reporting Entity:

The reporting entity of Wolsey-Wessington School District No. 2-6, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on the organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

#### b. Basis of Presentation:

##### **Government-Wide Financial Statements:**

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

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

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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

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

#### **Fund Financial Statements:**

Fund financial statements of the reporting entity are organized into funds, each of which is 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 meets the following criteria:

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

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

#### Governmental Funds:

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

**Special Revenue 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 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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

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 that reside within the School District. This fund is financed by grants and property taxes. This is a major fund.

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

The Bond Redemption Fund – The QSCB Fund is the only debt service fund. This fund was established to collect money in the sinking funds for payment of term bonds. The Capital Outlay fund transfers money to this fund on a yearly basis. At the end of the term, the bonds will be paid off. This is a major fund.

#### Proprietary Funds:

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

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

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

Other Enterprise Fund – A fund used to record financial transactions related to driver’s education and the preschool program. This fund is financed by user charges. This is not a major fund.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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

#### Fiduciary Funds:

Fiduciary Funds 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 the Scholarship Fund as its only private-purpose trust fund which is used to administer scholarships for students. The fund is financed through contributions and interest.

Custodial Fund Types – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The 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.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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

#### **Basis of Accounting:**

##### Government-Wide Financial Statements:

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

##### Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the School District, the length of that cycle is sixty days. The revenues which are accrued as of June 30, 2025 are utility taxes, revenues due from state government, and grants due from federal governments.

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 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 balances in the fund financial statements have been eliminated or reclassified, as follows:

1. To minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances, if any.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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

#### **Fund Financial Statements:**

Noncurrent portions of long-term interfund receivables are reported as non-spendable Fund Balance to the extent that the proceeds from the collection of those receivables are not Restricted, Committed, or Assigned. Current portions of interfund receivables are considered “available spendable resources” and are reported in the appropriate fund balance category.

#### 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.

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

The total June 30, 2025 balance of capital assets for governmental activities and business-type activities are all valued at original cost.

**Wolsey-Wessington School District No. 2-6**

Notes to the Financial Statements

June 30, 2025

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

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

	<b>Capitalization Threshold</b>	<b>Depreciation/ Amortization Method</b>	<b>Estimated Useful Life</b>
Land*	All	--	--
Land improvements	\$ 5,000	Straight-line	10-20 years
Buildings	\$ 5,000	Straight-line	50-75 years
Machinery and equipment	\$ 5,000	Straight-line	5-20 years
Intangible lease/subscription assets	\$ 45,000	Straight-line	5-75 years

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

**Fund Financial Statements:**

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

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 bonds payable, capital outlay certificates, leases, energy efficiency loans, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and payment 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.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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

#### h. Program Revenues:

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

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

#### i. 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.

#### j. Accumulated Unpaid Vacation and Sick Leave:

Annual leave is earned by the employees at the rate of ten days per year depending on position. Upon termination, employees are not entitled to receive compensation for their accrued annual leave balance.

Sick leave is earned by the employees at the rate of ten to twelve days per year depending on position. Upon termination, only tenured, certified, and non-certified, employees are entitled to receive \$10 per day for unused sick leave days if they leave the School District.

#### k. Unavailable Revenue:

Under the modified accrual basis of accounting, receivables, such as taxes receivable, 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. Reported unavailable revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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

#### l. Cash and Cash Equivalents:

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

#### m. Equity Classifications:

Government-Wide Financial Statements:

Equity is classified as net position and is displayed in three components:

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

Fund Financial Statements:

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

#### n. Application of Net Position:

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

#### o. Fund Balance Classification Policies and Procedures:

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

Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

**Wolsey-Wessington School District No. 2-6**

Notes to the Financial Statements

June 30, 2025

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

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 that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The School District does not have a formal minimum fund balance policy.

The 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

p. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

q. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pension, 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.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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

#### r. Leases:

The School District is a lessee for a noncancellable lease of a skid steer and copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$45,000 or more.

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

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

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

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

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

#### s. Subscription Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements.

At the commencement of a subscription, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

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

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

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

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

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:

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-loan fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

No investments were held as of June 30, 2025 or during the year then ended.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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

Deposits – The School District’s deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to always maintain, 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.

Deposits are reported at cost plus interest; if the account is of the add-on type.

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

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

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

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 investments to the General Fund for all governmental funds except for Debt Service Fund which accumulates interest to help pay off the term bonds.

The United States generally accepted accounting principles, on the other hand, requires income from deposits and investments to be recorded in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

### 3. 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.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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### 3. Property Tax: (Continued)

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 intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

### 4. 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 \$251,941 due from various individuals and county, state, and federal governments.

### 5. Inventory:

Inventory held for consumption is stated at cost. Donated commodities are valued at estimated market value based on the USDA price list on the date of receipt.

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

In the 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 a nonspendable fund balance. No material inventories were on hand at June 30, 2025 for the governmental funds.

**Wolsey-Wessington School District No. 2-6**  
Notes to the Financial Statements  
June 30, 2025

**6. Changes in Capital Assets:**

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

	<b>Balance 7/1/2024</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/2025</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 46,040	\$ --	\$ --	\$ 46,040
Construction in progress	--	662,203	--	662,203
Total capital assets not being depreciated/amortized	46,040	662,203	--	708,243
Capital assets being depreciated/amortized:				
Buildings	8,741,731	229,381	--	8,971,112
Improvements	377,666	--	--	377,666
Equipment	1,573,728	229,091	--	1,802,819
Intangible lease assets - restated	89,672	--	--	89,672
Total capital assets being depreciated/amortized	10,782,797	458,472	--	11,241,269
Less accumulated depreciation/amortization for:				
Buildings	2,060,163	151,118	--	2,211,281
Improvements	226,195	11,535	--	237,730
Equipment	1,120,951	110,209	--	1,231,160
Intangible lease assets - restated	50,511	17,934	--	68,445
Total accumulated depreciation/amortization	3,457,820	290,796	--	3,748,616
Total capital assets being depreciated/amortized, net	7,324,977	167,676	--	7,492,653
Net Capital Assets	\$ 7,371,017	\$ 829,879	\$ --	\$ 8,200,896

Depreciation/amortization expenses was charged to functions as follows:

Instruction	\$ 133,197
Support services	123,162
Co-curricular activities	34,437
Total Depreciation/Amortization Expense	\$ 290,796

**Wolsey-Wessington School District No. 2-6**  
Notes to the Financial Statements  
June 30, 2025

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

	<u>Balance</u> <u>7/1/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2025</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Equipment	\$ 66,832	\$ --	\$ --	\$ 66,832
Less: Accumulated Depreciation	49,802	3,406	--	53,208
Total capital assets being depreciated, net	<u>\$ 17,030</u>	<u>\$ (3,406)</u>	<u>\$ --</u>	<u>\$ 13,624</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 3,406</u>

**7. Long-Term Liabilities:**

A summary of changes in long-term debt follows:

	<u>Balance</u> <u>7/1/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>6/30/2025</u>	<u>Amounts Due</u> <u>Within 1 Year</u>
<b>Governmental Activities:</b>					
Qualified zone construction bonds	\$ 3,090,000	\$ --	\$ --	\$ 3,090,000	\$ --
Limited tax capital outlay certificates	2,715,000	--	190,000	2,525,000	200,000
Plus: Unamortized Premiums	20,909	--	1,743	19,166	1,743
Leases	40,412	--	18,326	22,086	18,883
Early Retirement Payable - Governmental Funds	--	46,475	27,382	19,093	--
Compensated Absences	8,170	2,905	--	11,075	1,000
Total Governmental Activities	<u>\$ 5,874,491</u>	<u>\$ 49,380</u>	<u>\$ 237,451</u>	<u>\$ 5,686,420</u>	<u>\$ 221,626</u>

Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds.

**Wolsey-Wessington School District No. 2-6**

Notes to the Financial Statements

June 30, 2025

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

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

	<b>Terms</b>	
Qualified School Construction Bonds	During December 2009, the School District entered into an agreement to receive Qualified School Construction Bonds in the amount of \$3,090,000. Interest rate is 2.0%. Final payment is December 2025. The Debt Service Fund makes payment on this debt.	\$ 3,090,000
Limited Tax Capital Outlay Certificates	The School District issued \$3,985,000 of limited tax capital outlay certificates, Series 2016. The certificates are payable December 15, 2017 through December 15, 2035 with fixed interest rates from .80% to 3.50% that vary depending on the term of maturity. The Capital Outlay Fund makes this payment.	\$ 2,525,000
Copier Lease	Starting September 21, 2021, the School District entered into a lease agreement with Access Systems in the amount of \$89,672. Imputed interest rate is 3%. Monthly payments of \$1,607. Final payment due August 21, 2026. The Capital Outlay Fund makes payments on this debt.	\$ 22,086
Early Retirement Payable	Payable from the fund to which payroll expenditures are charged.	\$ 19,093
Compensated Absences	Payable from the fund to which payroll expenditures are charged.	\$ 11,075

**Wolsey-Wessington School District No. 2-6**

Notes to the Financial Statements

June 30, 2025

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

The annual requirements to amortize the Qualified School Construction Bonds, the Limited Tax General Obligation Capital Outlay Certificates, Leases, and the Energy Efficiency Loans outstanding at June 30, 2025, are as follows:

	Quality School Construction Bonds		Limited Tax General Obligation Capital Outlay Certificates	
	Principal	Interest	Principal	Interest
	2026	\$ --	\$ 61,800	\$ 200,000
2027	3,090,000	30,900	205,000	74,920
2028	--	--	210,000	68,845
2029	--	--	215,000	63,460
2030-2034	--	--	1,175,000	222,200
2035-2036	--	--	520,000	40,951
Totals	<u>\$ 3,090,000</u>	<u>\$ 92,700</u>	<u>\$ 2,525,000</u>	<u>\$ 551,146</u>

Leases		Total	
Principal	Interest	Principal	Interest
\$ 18,883	\$ 404	\$ 218,883	\$ 142,974
3,203	12	3,298,203	105,832
--	--	210,000	68,845
--	--	215,000	63,460
--	--	1,175,000	222,200
--	--	520,000	40,951
<u>\$ 22,086</u>	<u>\$ 416</u>	<u>\$ 5,637,086</u>	<u>\$ 644,262</u>

**Wolsey-Wessington School District No. 2-6**

Notes to the Financial Statements

June 30, 2025

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**8. Interfund Activity:**

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

Transfer from the Capital Outlay Fund to the Debt Service Fund to deposit money towards paying off the Qualified School Construction Bonds when their term is complete.	\$ 99,677
Transfer from the Capital Outlay Fund to the General Fund for daily operations.	\$ 410,000
Transfer from the General fund to the Food Service Fund to assist in covering costs of programs.	\$ 35,000
Transfer from the General fund to the Other Enterprise Fund to assist in covering costs of the school's operations.	\$ 49,000

**9. Restricted Net Position:**

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

Purpose	Restricted By	Amount
<b>Major Purposes:</b>		
Capital Outlay	Law	\$ 3,227,867
Special Education	Law	268,905
Debt Service	Debt covenants	3,291,725
SDRS Pension Purposes	Law	244,935
Total		\$ 7,033,432

**10. Assigned Fund Balances for Cash Flow:**

As authorized by SDCL 13-11-12, the School Board has determined that a year-end minimum fund balance of \$150,000 is necessary to protect the School District's cash liquidity from July 1, through mid-November of the subsequent fiscal year. This amount is reported as Assigned Fund Balance in the General Fund.

## Wolsey-Wessington School District No. 2-6

### Notes to the Financial Statements

June 30, 2025

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#### 11. Pension Plan:

##### a. Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit pension plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS 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://www.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.

##### b. Benefits Provided:

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

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

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

**Wolsey-Wessington School District No. 2-6**

Notes to the Financial Statements

June 30, 2025

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

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

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

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

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

c. Contributions:

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

<u>Year</u>	<u>Amount</u>
2025	\$ 148,664
2024	147,893
2023	145,634

**Wolsey-Wessington School District No. 2-6**

Notes to the Financial Statements

June 30, 2025

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

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

At June 30, 2024, SDRS is 100% 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 the measurement period ending June 30, 2024 and reported by the School District as of June 30, 2025 are as follows:

Proportionate share of pension liability	\$ 13,162,979
Less proportionate share of net pension restricted for pension benefits	13,166,551
Proportionate share of net pension (asset)	<u>\$ (3,572)</u>

As of June 30, 2025, the School District reported an (asset) of (3,572) 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. As of June 30, 2024, the School District's proportion was .08823400%, which is a decrease of .0058680% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of \$100,982. As of June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 330,741	\$ --
Changes in assumption	58,887	448,867
Net difference between projected and actual earnings on pension plan investments	134,536	--
Changes in proportion and difference between district contributions and proportionate share of contributions	17,402	--
District contributions subsequent to the measurement date	148,664	--
Total	<u>\$ 690,230</u>	<u>\$ 448,867</u>

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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### 11. Pension Plan: (Continued)

\$148,664 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 as follows:

Year Ended June 30,	
2026	\$ (118,541)
2024	178,376
2028	21,360
2029	11,504
Total	<u>\$ 92,699</u>

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

Mortality Rates:

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

Active and Terminated Vested Members:

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

Retired Members:

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

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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### 11. Pension Plan: (Continued)

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

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

f. Discount Rate:

The discount rate used to measure the total pension liability 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).

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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### 11. Pension Plan: (Continued)

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

The following presents the School District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50% as well as what the School'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 (asset)	<u>\$ 1,814,940</u>	<u>\$ (3,572)</u>	<u>\$ (1,491,680)</u>

h. Pension Plan Fiduciary Net Position:

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

i. Payables to the Pension Plan:

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

### 12. Restricted Cash:

Assets are restricted for use for a specific purpose through segregation of balances in separate accounts. As of June 30, 2025, \$3,291,725 was restricted in the Debt Service Fund for sinking fund requirements in the debt covenants.

### 13. 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 South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage does not have a maximum payment per person.

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.

## Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2025

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### 13. Risk Management: (Continued)

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

Workers' Compensation – The School District purchases liability insurance for workers' 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.

During the year ended June 30, 2025, no unemployment benefits were paid.

### 14. Subsequent Events:

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

## **Required Supplementary Information**

**Wolsey-Wessington School District No. 2-6**

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 936,717	\$ 936,717	\$ 940,201	\$ 3,484
Prior years' ad valorem taxes	10,000	10,000	5,718	(4,282)
Utility taxes	75,000	75,000	52,693	(22,307)
Penalties and interest on taxes	3,000	3,000	2,214	(786)
Earnings on Investments and Deposits	1,500	61,500	70,935	9,435
Cocurricular Activities:				
Admissions	17,000	17,000	19,306	2,306
Rentals	100	100	925	825
Other student activities	--	--	18,600	18,600
Other Revenue from Local Sources:				
Rentals	--	--	39,525	39,525
Charges for services	15,000	15,000	--	(15,000)
Other	30,000	30,000	150	(29,850)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	20,000	20,000	12,154	(7,846)
Lease of county-owned land	--	--	1,452	1,452
Revenue in lieu of taxes	--	--	7,365	7,365
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,603,384	1,603,384	1,630,697	27,313
Restricted grants-in-aid	--	--	5,517	5,517
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through state	--	16,000	--	(16,000)
Restricted grants-in-aid received from federal government through the state	138,976	138,976	191,989	53,013
<b>Total Revenues</b>	<b>\$ 2,850,677</b>	<b>\$ 2,926,677</b>	<b>\$ 2,999,441</b>	<b>\$ 72,764</b>

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

**Wolsey-Wessington School District No. 2-6**

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	\$ 528,607	\$ 578,607	\$ 577,195	\$ 1,412
Middle school	285,870	285,870	272,230	13,640
High school	582,742	582,742	532,477	50,265
Special Programs:				
Educationally Deprived	148,807	183,807	183,060	747
Support Services:				
Students:				
Guidance	98,363	100,363	100,141	222
Health	49,192	69,192	68,629	563
Instructional Staff:				
Improvement of instruction	1,750	16,750	15,008	1,742
Educational media	72,513	72,513	40,503	32,010
General Administration:				
Board of education	18,782	18,782	14,819	3,963
Executive administration	180,242	180,242	156,471	23,771
School Administration:				
Office of the principal	181,199	200,199	199,469	730
Business:				
Fiscal services	141,313	141,313	140,040	1,273
Operation and maintenance of plant	537,970	577,970	575,264	2,706
Student transportation	182,546	182,546	171,492	11,054
Community Services:				
Custody and care of children	22,064	22,064	18,267	3,797
Cocurricular Activities:				
Male activities	66,559	66,559	63,455	3,104
Female activities	58,267	59,767	59,695	72
Transportation	21,914	21,914	11,683	10,231
Combined activities	131,117	131,117	122,018	9,099
Total Expenditures	<u>3,309,817</u>	<u>3,492,317</u>	<u>3,321,916</u>	<u>170,401</u>
Excess of Revenue Over (Under) Expenditures	<u>(459,140)</u>	<u>(565,640)</u>	<u>(322,475)</u>	<u>243,165</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	553,081	553,081	410,000	(143,081)
Transfers out	<u>(83,941)</u>	<u>(84,441)</u>	<u>(84,000)</u>	<u>441</u>
Total Other Financing Sources (Uses)	<u>469,140</u>	<u>468,640</u>	<u>326,000</u>	<u>(142,640)</u>
Net Change in Fund Balances	10,000	(97,000)	3,525	100,525
<b>Fund Balance, Beginning of Year</b>	<u>640,354</u>	<u>640,354</u>	<u>640,354</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 650,354</u>	<u>\$ 543,354</u>	<u>\$ 643,879</u>	<u>\$ 100,525</u>

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

## Wolsey-Wessington School District No. 2-6

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,557,904	\$ 1,557,904	\$ 1,518,929	\$ (38,975)
Prior years' ad valorem taxes	5,000	5,000	9,015	4,015
Penalties and interest on taxes	1,000	1,000	3,676	2,676
Other Revenue From Local Sources:				
Other	--	--	21,098	21,098
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through state	--	130,000	191,006	61,006
Other Federal Revenue	--	115,000	116,729	1,729
Total Revenues	<u>1,563,904</u>	<u>1,808,904</u>	<u>1,860,453</u>	<u>51,549</u>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	65,000	65,000	25,139	39,861
Middle school	65,000	65,000	31,239	33,761
High school	85,000	265,000	250,100	14,900
Support Services:				
Instructional Staff:				
Educational media	5,000	5,000	1,126	3,874
General Administration:				
Executive administration	--	4,000	3,996	4
School Administration:				
Office of the Principal	--	--	1,088	(1,088)
Business:				
Fiscal services	10,000	10,000	7,018	2,982
Facilities acquisition & construction	--	300,000	282,506	17,494
Operation and maintenance of plant	150,000	850,000	809,631	40,369
Student transportation	125,000	131,000	130,454	546
Food service	10,000	10,000	233	9,767
Debt Services	380,000	380,000	368,030	11,970
Cocurricular Activities:				
Male activities	10,000	11,000	10,710	290
Female activities	10,000	10,000	2,901	7,099
Combined activities	10,000	30,000	29,386	614
Total Expenditures	<u>925,000</u>	<u>2,136,000</u>	<u>1,953,557</u>	<u>182,443</u>
Excess of Revenue Over (Under) Expenditures	<u>638,904</u>	<u>(327,096)</u>	<u>(93,104)</u>	<u>233,992</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(752,436)	(752,436)	(509,677)	242,759
Compensation for loss on fixed assets	--	--	12,483	12,483
Sale of surplus property	--	--	1,625	1,625
Total Other Financing Sources (Uses)	<u>(752,436)</u>	<u>(752,436)</u>	<u>(495,569)</u>	<u>256,867</u>
Net Change in Fund Balances	(113,532)	(1,079,532)	(588,673)	490,859
<b>Fund Balance - Beginning of Year</b>	<u>3,816,540</u>	<u>3,816,540</u>	<u>3,816,540</u>	<u>--</u>
<b>Fund Balance - End of Year</b>	<u>\$ 3,703,008</u>	<u>\$ 2,737,008</u>	<u>\$ 3,227,867</u>	<u>\$ 490,859</u>

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

**Wolsey-Wessington School District No. 2-6**

Required Supplementary Information – Budgetary Comparison Schedule – Special Education – Budgetary Basis  
June 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 820,172	\$ 820,172	\$ 830,917	\$ 10,745
Prior years' ad valorem taxes	1,000	1,000	5,324	4,324
Penalties and interest on taxes	1,000	1,000	2,143	1,143
Other Revenue from Local Sources:				
Charges for services	1,000	1,000	1,846	846
Other	50,000	50,000	--	(50,000)
Other State Revenue	--	--	292	292
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through state	78,997	78,997	78,997	--
Restricted grants-in-aid received from federal government through state	--	--	1,767	1,767
Total Revenues	<u>952,169</u>	<u>952,169</u>	<u>921,286</u>	<u>(30,883)</u>
<b>Expenditures:</b>				
Instruction:				
Special Programs:				
Programs for special education	867,955	867,955	735,750	132,205
Support Services:				
Students:				
Attendance and social work	14,160	17,160	16,970	190
Guidance	13,590	13,590	13,409	181
Psychological	59,040	119,040	58,286	60,754
Speech pathology	104,850	113,850	113,093	757
Student therapy services	44,290	45,540	37,486	8,054
Special Education:				
Administrative costs	57,060	58,060	57,783	277
Transportation costs	3,000	6,600	3,588	3,012
Other special education costs	92,950	127,950	123,903	4,047
Total Expenditures	<u>1,256,895</u>	<u>1,369,745</u>	<u>1,160,268</u>	<u>209,477</u>
Net Change in Fund Balances	(304,726)	(417,576)	(238,982)	178,594
<b>Fund Balance - Beginning of Year</b>	<u>509,661</u>	<u>509,661</u>	<u>509,661</u>	<u>--</u>
<b>Fund Balance - End of Year</b>	<u>\$ 204,935</u>	<u>\$ 92,085</u>	<u>\$ 270,679</u>	<u>\$ 178,594</u>

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

**Wolsey-Wessington School District No. 2-6**  
Notes to the Required Supplementary Information  
June 30, 2025

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**Note 1 – Basis of Presentation:**

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

**Note 2 – Budgets and Budgetary Accounting:**

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

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

**Wolsey-Wessington School District No. 2-6**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and  
Schedule of the School District Contributions-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	0.088234%	\$ (3,572)	\$ 2,471,791	0.14%	100.00%
2024	0.094102%	\$ (9,185)	\$ 2,427,235	0.38%	100.10%
2023	0.100068%	\$ (9,457)	\$ 2,366,027	0.40%	100.10%
2022	0.101384%	\$ (776,428)	\$ 2,300,728	33.75%	105.52%
2021	0.100126%	\$ (4,348)	\$ 2,197,473	0.20%	100.04%
2020	0.099599%	\$ (10,555)	\$ 2,117,886	0.50%	100.09%
2019	0.099582%	\$ (2,322)	\$ 2,086,441	0.11%	100.02%
2018	0.099744%	\$ (9,052)	\$ 2,012,681	0.45%	100.10%
2017	0.093494%	\$ 315,812	\$ 1,762,175	17.92%	96.89%
2016	0.090945%	\$ (385,724)	\$ 1,660,399	23.23%	104.10%

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

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2025	\$ 148,664	\$ 148,664	\$ --	\$ 2,477,736	6.00%
2024	\$ 147,893	\$ 147,893	\$ --	\$ 2,471,791	5.98%
2023	\$ 145,634	\$ 145,634	\$ --	\$ 2,427,235	6.00%
2022	\$ 141,962	\$ 141,962	\$ --	\$ 2,366,027	6.00%
2021	\$ 138,044	\$ 138,044	\$ --	\$ 2,300,728	6.00%
2020	\$ 131,848	\$ 131,848	\$ --	\$ 2,197,473	6.00%
2019	\$ 127,061	\$ 127,061	\$ --	\$ 2,117,886	6.00%
2018	\$ 125,149	\$ 125,149	\$ --	\$ 2,086,441	6.00%
2017	\$ 120,761	\$ 120,761	\$ --	\$ 2,012,681	6.00%
2016	\$ 105,731	\$ 105,731	\$ --	\$ 1,762,175	6.00%

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

**Wolsey-Wessington School District No. 2-6**  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2025

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**Changes from Prior Valuation**

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

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

**Benefit Provision Changes**

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

**Actuarial Method Changes**

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

**Actuarial Assumption Changes**

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

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

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

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