Deuel School District No. 19-4

Independent Auditor's Report
and Financial Statements

For the Year Ended
June 30, 2025

Deuel School District No. 19-4

School District Officials

June 30, 2025

Board Members

Danay Nielsen----------Chairperson
Wade Gubrud----------Vice-Chairperson
Leah Schwiesow---------- Member
Tony Konold---------- Member
Joel Brandt---------- Member

Chad Schiernbeck----------Superintendent

Ellen Schmahl----------Business Manager

Deuel School District No. 19-4

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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
Deuel School District No. 19-4
Deuel 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 Deuel School District No. 19-4, 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 December 17, 2025, which was qualified because the School District did not adopt Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit. The School District's response to the findings identified in our audit are described in the accompanying Schedule of 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.

CLO Ryf LLC

Huron, South Dakota
December 17, 2025

Finding 2025-001 – Lack of Segregation of Duties

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

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

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

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

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

Managements Response: Management 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.

Repeat Finding from Prior Year(s): Yes

Finding 2025-002 – Preparation of Financial Statements and Footnotes

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

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

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

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

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

Management's Response: Management agrees with the finding. We requested that our auditors, ELO Prof. LLC, prepare the financial statements and notes to the financials as part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes, and we have reviewed and agree with material adjustments proposed during the audit.

Repeat Finding from Prior Year(s): Yes

ELO CPAs & ADVISORS

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Independent Auditor's Report

School Board
Deuel School District No. 19-4
Deuel County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 Deuel School District No. 19-4, 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, except for the matters described in the "Basis for Qualified and Unmodified Opinions" section of our report, 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 Deuel School District No. 19-4 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 Qualified and Unmodified 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 qualified audit opinions.

The School District did not adopt Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which is a departure from accounting principles generally accepted in the United States of America (USGAAP). The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses/expenditures of the governmental activities, the general governmental fund, and the aggregate remaining fund information is not reasonably determinable.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Huron, South Dakota
December 17, 2025

Deuel School District No. 19-4

Statement of Net Position – Government-Wide

June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	$ 4,627,895	$ 19,852	$ 4,647,747
Certificates of deposit	2,000,000	--	2,000,000
Taxes receivable	2,262,325	5,149	2,267,474
Inventories	--	13,120	13,120
Other assets	277,338	--	277,338
Net pension asset	4,888	161	5,049
Capital assets:			
Land	101,083	--	101,083
Other capital assets, net	19,186,656	246,697	19,433,353
Total Assets	28,460,185	284,979	28,745,164
Deferred Outflows of Resources:			
OPEB related deferred outflows	70,533	3,712	74,245
Pension related deferred outflows	930,118	30,495	960,613
Total Deferred Outflows of Resources	1,000,651	34,207	1,034,858
Liabilities:			
Accounts payable	49,909	1,395	51,304
Other current liabilities	546,507	13,208	559,715
Noncurrent liabilities:			
Due within one year	478,703	1,000	479,703
Due in more than one year	8,568,937	14,917	8,583,854
Total Liabilities	9,644,056	30,520	9,674,576
Deferred Inflows of Resources:			
Taxes levied for future periods	2,212,480	--	2,212,480
Pension related deferred inflows	615,408	20,176	635,584
OPEB related deferred inflows	54,744	2,881	57,625
Total Deferred Inflows of Resources	2,882,632	23,057	2,905,689
Net Position:			
Net investment in capital assets	10,240,099	246,697	10,486,796
Restricted for:			
Capital outlay	4,135,889	--	4,135,889
Special education	434,055	--	434,055
SDRS pension	319,598	10,480	330,078
Unrestricted	1,804,507	8,432	1,812,939
Total Net Position	$ 16,934,148	$ 265,609	$ 17,199,757

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

Deuel School District No. 19-4

Statement of Activities – Government-Wide

June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-Type Activities	Total
Governmental Activities:						
Instruction	$ 4,027,664	$ --	$ 396,819	$ (3,630,845)	$ --	$ (3,630,845)
Support services	2,626,579	58,212	--	(2,568,367)	--	(2,568,367)
Interest on long-term debt*	187,698	--	--	(187,698)	--	(187,698)
Cocurricular activities	518,011	32,717	--	(485,294)	--	(485,294)
Total Governmental Activities	7,359,952	90,929	396,819	(6,872,204)	--	(6,872,204)
Business-Type Activities:						
Food service	377,899	210,895	141,382	--	(25,622)	(25,622)
Driver's education	9,905	9,075	--	--	(830)	(830)
Total Business Type Activities	387,804	219,970	141,382	--	(26,452)	(26,452)
Total Primary Government	$ 7,747,756	$ 310,899	$ 538,201	(6,872,204)	(26,452)	(6,898,656)
		General Revenues:				
		Taxes:				
		Property taxes		4,883,504	--	4,883,504
		Utility taxes		243,352	--	243,352
		Revenue from State Sources:				
		State aid		2,508,428	--	2,508,428
		Unrestricted investment earnings		124,755	--	124,755
		Other general revenues		163,801	--	163,801
		Transfers		(100,000)	100,000	--
		Total General Revenues		7,823,840	100,000	7,923,840
		Change in Net Position		951,636	73,548	1,025,184
		Net Position - Beginning of Year		15,982,512	192,061	16,174,573
		Net Position - End of Year		$ 16,934,148	$ 265,609	$ 17,199,757

*The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

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

Deuel School District No. 19-4

Balance Sheet – Governmental Funds

June 30, 2025

	General	Capital Outlay	Special Education	Capital Projects	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 1,971,473	$ 2,139,521	$ 516,901	$ --	$ 4,627,895
Certificates of deposit	--	2,000,000	--	--	2,000,000
Taxes receivable - current	879,351	838,098	495,031	--	2,212,480
Taxes receivable - delinquent	27,802	14,597	7,446	--	49,845
Accounts receivable	1,546	--	--	--	1,546
Due from other governments	275,792	--	--	--	275,792
Total Assets	$ 3,155,964	$ 4,992,216	$ 1,019,378	$ --	$ 9,167,558
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	$ 46,189	$ 3,632	$ 88	$ --	$ 49,909
Contracts payable	368,275	--	49,965	--	418,240
Payroll deductions and withholding and employer matching payable	95,474	--	32,793	--	128,267
Total Liabilities	509,938	3,632	82,846	--	596,416
Deferred Inflows of Resources:					
Taxes levied for future period	879,351	838,098	495,031	--	2,212,480
Delinquent taxes not available	27,802	14,597	7,446	--	49,845
Total Deferred Inflows of Resources	907,153	852,695	502,477	--	2,262,325
Fund Balances:					
Restricted:					
For capital outlay	--	4,135,889	--	--	4,135,889
For special education	--	--	434,055	--	434,055
Assigned - unemployment	17,707	--	--	--	17,707
Unassigned	1,721,166	--	--	--	1,721,166
Total Fund Balances	1,738,873	4,135,889	434,055	--	6,308,817
Total Liabilities and Fund Balances	$ 3,155,964	$ 4,992,216	$ 1,019,378	$ --	$ 9,167,558

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

Deuel School District No. 19-4

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2025

Total Fund Balances - Governmental Funds		$ 6,308,817
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		19,287,739
Net pension (asset) reported in the governmental activities is not an available financial resource and therefore is not reported in the funds.		4,888
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Net OPEB Liability	(302,419)	
Intangible Lease Liabilities	(40,753)	
Capital Outlay Certificates	(8,670,000)	
Premiums on Debt Issued	(34,468)	(9,047,640)
Assets, such as taxes receivable that are not available to pay for the current period expenditures, are deferred in the funds.		49,845
Pension related deferred inflows are components of pension (asset) and therefore are not reported in the funds.		(615,408)
Pension related deferred outflows are components of pension (asset) and therefore are not reported in the funds.		930,118
OPEB related deferred inflows are components of net OPEB liability and therefore are not reported in the funds.		(54,744)
OPEB related deferred outflows are components of net OPEB liability and therefore are not reported in the funds.		70,533
Net Position - Governmental Activities		$ 16,934,148

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

Deuel School District No. 19-4

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

June 30, 2025

	General	Capital Outlay	Special Education	Capital Projects	Total Governmental Funds
Revenues					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	$ 2,008,528	$ 1,787,906	$ 1,045,785	$ --	$ 4,842,219
Prior years' ad valorem taxes	15,106	10,236	5,187	--	30,529
Utility taxes	243,352	--	--	--	243,352
Penalties and interest on taxes	4,829	3,892	2,035	--	10,756
Earnings on Investments and Deposits	45,126	68,331	11,298	--	124,755
Food Service	48,543	--	--	--	48,543
Cocurricular Activities:					
Admissions	28,902	--	--	--	28,902
Other student activity income	3,815	--	--	--	3,815
Other Revenue from Local Sources:					
Rentals	5,205	--	--	--	5,205
Charges for services	3,843	--	5,826	--	9,669
Other	10,347	49,327	--	--	59,674
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	94,284	--	--	--	94,284
Revenue in lieu of taxes	1,241	2,200	1,165	--	4,606
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	2,508,428	--	--	--	2,508,428
Restricted grants-in-aid	4,220	--	--	--	4,220
Revenue from Federal Sources:					
Grants-in-Aid:					
Restricted grants-in-aid received directly from federal government	27,361	--	--	--	27,361
Restricted grants-in-aid received from federal government through the state	188,525	176,486	227	--	365,238
Other Federal Revenue	32	--	--	--	32
Total Revenues	$ 5,241,687	$ 2,098,378	$ 1,071,523	$ --	$ 8,411,588

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

Deuel School District No. 19-4

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

June 30, 2025 (Continued)

	General	Capital Outlay	Special Education	Capital Projects	Total Governmental Funds
Expenditures					
Instructional Services:					
Regular Programs:					
Elementary	$ 1,096,923	$ 78,327	$ --	$ --	$ 1,175,250
Middle/junior high	484,366	21,750	--	--	506,116
High school	877,429	38,491	--	--	915,920
Preschool	68,936	--	--	--	68,936
Special Programs:					
Programs for special education	--	--	959,621	--	959,621
Educationally deprived	98,930	140	--	--	99,070
Support Services:					
Students					
Guidance	184,952	--	--	--	184,952
Psychological	--	--	38,836	--	38,836
Health	8,255	--	--	--	8,255
Speech pathology	--	--	56,193	--	56,193
Student therapy services	--	--	33,532	--	33,532
Instructional Staff:					
Improvement of instruction	20,102	--	--	--	20,102
Educational media	86,081	31,281	--	--	117,362
General Administration:				--	
Board of education	65,422	--	1,291	--	66,713
Executive administration	163,067	--	--	--	163,067
School Administration					
Office of the principal	261,907	--	--	--	261,907
Other	336	--	--	--	336
Business:					
Fiscal services	177,734	500	--	--	178,234
Operation and maintenance of plant	603,510	199,240	--	--	802,750
Student transportation	402,320	14,062	--	--	416,382
Food services	48,543	--	--	--	48,543
Internal services	21,348	1,277	--	--	22,625
Special Education:					
Administrative costs	--	--	430	--	430
Debt Services:	--	630,413	--	--	630,413
Cocurricular Activities:					
Male activities	86,741	17,687	--	--	104,428
Female activities	70,259	12,676	--	--	82,935
Transportation	30,947	--	--	--	30,947
Combined activities	132,467	27,078	--	--	159,545
Capital Outlay	--	274,716	--	34,413	309,129
Total Expenditures	4,990,575	1,347,638	1,089,903	34,413	7,462,529
Excess of Revenue Over (Under) Expenditures	251,112	750,740	(18,380)	(34,413)	949,059
Other Financing Sources (Uses):					
Transfer in	--	147,750	--	250,000	397,750
Transfer out	(100,000)	(250,000)	--	(147,750)	(497,750)
Compensation for loss of general capital assets	--	35,106	--	--	35,106
Total Other Financing Sources (Uses)	(100,000)	(67,144)	--	102,250	(64,894)
Net Change in Fund Balances	151,112	683,596	(18,380)	67,837	884,165
Fund Balance, Beginning of Year	1,587,761	3,452,293	452,435	(67,837)	5,424,652
Fund Balance, End of Year	$ 1,738,873	$ 4,135,889	$ 434,055	$ --	$ 6,308,817

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

Deuel School District No. 19-4

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

Net Change in Fund Balances - Total Governmental Funds	$	884,165
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.		309,129
The amount represents the current year depreciation and amortization expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources.		(489,172)
In the statement of activities gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(65,586)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		
Capital Outlay Certificates		430,000
Intangible Lease Liabilities		10,646
Premiums on Debt Issued		2,069
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."		16,562
Governmental funds do not reflect the change in Other Post Employment Benefits (OPEB), but the statement of activities reflects the change in OPEB through expenditures.		(20,969)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		(125,208)
Change in net position of governmental activities	$	951,636

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

Deuel School District No. 19-4

Statement of Net Position – Proprietary Funds

June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	$ 6,105	$ 13,747	$ 19,852
Accounts receivable, net	5,149	--	5,149
Inventory - supplies	1,150	--	1,150
Inventory - stores for resale	8,076	--	8,076
Inventory of donated food	3,894	--	3,894
Total Current Assets	24,374	13,747	38,121
Noncurrent Assets:			
Net Pension Asset	148	13	161
Machinery and equipment - local funds	8,064	--	8,064
Machinery and equipment -federal funds	290,688	--	290,688
Less accumulated depreciation	(52,055)	--	(52,055)
Total Noncurrent Assets	246,845	13	246,858
Total Assets	$ 271,219	$ 13,760	$ 284,979
Deferred Outflows of Resources:			
Pension related deferred outflows	28,100	2,395	30,495
OPEB related deferred outflows	3,712	--	3,712
Total Deferred Outflows of Resources	31,812	2,395	34,207
Liabilities:			
Current Liabilities:			
Accounts payable	$ 1,395	$ --	$ 1,395
Payroll deductions and withholdings and employer matching payable	3,080	--	3,080
Deposits payable	10,128	--	10,128
Total Current Liabilities	14,603	--	14,603
Noncurrent Liabilities:			
Net OPEB liability	15,917	--	15,917
Total Noncurrent Liabilities	15,917	--	15,917
Total Liabilities	$ 30,520	$ --	$ 30,520
Deferred Inflows of Resources:			
Pension related deferred inflows	$ 18,592	$ 1,584	$ 20,176
OPEB related deferred inflows	2,881	--	2,881
Total Deferred Inflows of Resources	21,473	1,584	23,057
Net Position:			
Net investment in capital assets	246,697	--	246,697
Restricted for SDRS pension	9,656	824	10,480
Unrestricted net position	(5,315)	13,747	8,432
Total Net Position	$ 251,038	$ 14,571	$ 265,609

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

Deuel School District No. 19-4

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

June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Operating Revenue:			
Food Sales:			
Student	$ 210,895	$ --	$ 210,895
Other charges for goods and services	--	9,075	9,075
Total Operating Revenue	210,895	9,075	219,970
Operating Expenses:			
Food Service:			
Salaries	114,727	8,045	122,772
Employee benefits	48,289	1,860	50,149
Purchased services	9,835	--	9,835
Supplies	14,222	--	14,222
Cost of sales - purchased	140,351	--	140,351
Cost of sales - donated	27,524	--	27,524
Depreciation	22,951	--	22,951
Total Operating Expenses	377,899	9,905	387,804
Operating (Loss)	(167,004)	(830)	(167,834)
Nonoperating Revenues (Expenses):			
Other local revenue	3,276	--	3,276
State grants	724	--	724
Federal grants	110,624	--	110,624
Donated food	26,758	--	26,758
Total Nonoperating Revenue (Expense)	141,382	--	141,382
(Loss) Before Contributions	(25,622)	(830)	(26,452)
Transfers In	100,000	--	100,000
Change in Net Position	74,378	(830)	73,548
Net Position - Beginning of Year	176,660	15,401	192,061
Net Position - End of Year	$ 251,038	$ 14,571	$ 265,609

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

Deuel School District No. 19-4

Statement of Cash Flows – Proprietary Funds

June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	$ 211,291	$ 9,075	$ 220,366
Cash payments to suppliers	(250,123)	--	(250,123)
Cash payments to employees	(169,687)	(10,617)	(180,304)
Net Cash (Used) by Operating Activities	(208,519)	(1,542)	(210,061)
Cash Flows from Noncapital Financing Activities:			
Transfers In	100,000	--	100,000
Other local revenue	3,276	--	3,276
Cash reimbursements - state	724	--	724
Cash reimbursements - federal	110,624	--	110,624
Net Cash Provided by Noncapital Financing Activities	214,624	--	214,624
Net Change in Cash and Cash Equivalents	6,105	(1,542)	4,563
Cash and Cash Equivalents, Beginning of Year	--	15,289	15,289
Cash and Cash Equivalents, End of Year	$ 6,105	$ 13,747	$ 19,852
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	$ (167,004)	$ (830)	$ (167,834)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	22,951	--	22,951
Value of commodities used	27,524	--	27,524
Change in Assets and Liabilities:			
Accounts receivable	2,359	--	2,359
Inventory	(10,033)	--	(10,033)
Net pension asset	226	29	255
Pension related deferred outflows	4,416	1,230	5,646
OPEB related deferred outflows	556	--	556
Drafts payable	(54,164)	--	(54,164)
Accounts payable	1,151	--	1,151
Deposits payable	(1,963)	--	(1,963)
Unearned revenue	(22,669)	--	(22,669)
Accrued payroll expenses	(12,335)	(1,473)	(13,808)
Net OPEB Liability	782	--	782
Pension related deferred inflows	(83)	(498)	(581)
OPEB related deferred inflows	(233)	--	(233)
Net Cash (Used) by Operating Activities	$ (208,519)	$ (1,542)	$ (210,061)
Noncash Investing, Capital and Financing Activities			
Value of commodities received	$ 26,758	$ --	$ 26,758

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

Deuel School District No. 19-4
Statement of Net Position – Fiduciary Funds
June 30, 2025

	Private -Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	$ 114,975	$ 197,239
Total Assets	$ 114,975	$ 197,239
Liabilities:		
Amounts held for others	$ --	$ 197,239
Total Liabilities	--	197,239
Net Position:		
Held in trust for scholarships	$ 114,975	$ --

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

Deuel School District No. 19-4
Statement of Changes in Fiduciary Net Position
June 30, 2025

	Private-Purpose Trust Funds
Additions	
Contributions and donations	$ 46,571
Total Additions	46,571
Deductions	
Trust deductions for scholarships awarded	54,544
Total Deductions	54,544
Change in Net Position	(7,973)
Net Position - Beginning	122,948
Net Position - Ending	$ 114,975

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

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 Deuel School District No. 19-4, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

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

1. Summary of Significant Accounting Policies: (Continued)

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

Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or

3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

Governmental Funds:

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

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

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

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

1. Summary of Significant Accounting Policies: (Continued)

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

The School Addition Fund – The school addition fund is the only capital projects fund maintained by the School District. This is a major fund.

Proprietary Funds:

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

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)

2. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.

3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

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

Fiduciary Funds:

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

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 only one private-purpose trust fund for the purpose of accounting for the assets held in a trustee capacity for scholarships.

1. Summary of Significant Accounting Policies: (Continued)

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the Deuel School District No. 19-4 is 60 days. The revenues which are accrued at June 30, 2025 are amounts due from other governments.

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

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.

1. Summary of Significant Accounting Policies: (Continued)

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

Government-Wide Financial Statements:

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

The total June 30, 2025 balance of capital assets for governmental activities includes approximately 6 percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by different deflated current replacement cost. The total June 30, 2025 balance of capital assets for business-type activities are all valued at original cost.

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

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land*	All	NA	NA
Buildings	$ 50,000	Straight-line	50-100 years
Improvements	$ 10,000	Straight-line	15-25 years
Machinery and equipment - governmental	$ 5,000	Straight-line	5-20 years
Machinery and equipment - enterprise	$ 1,500	Straight-line	20 years
Intangible lease and subscription assets	$ 50,000	Straight-line	5-20 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.

1. Summary of Significant Accounting Policies: (Continued)

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of capital outlay certificates and related premiums, leases, and OPEB liability.

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

h. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

2. Program-specific operating grants and contributions – These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

3. Program-specific capital grants and contributions – These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Deferred Inflows and Deferred Outflows of Resources:

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

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

1. Summary of Significant Accounting Policies: (Continued)

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents:

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

l. Equity Classifications:

Government-Wide Financial Statements:

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

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

3. Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

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

m. Application of Net Position:

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

1. Summary of Significant Accounting Policies: (Continued)

n. Fund Balance Classification Policies and Procedures:

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

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

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

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

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

Major Special Revenue Fund	Revenue Source
Capital Outlay Fund	Taxes
Special Education Fund	Taxes

o. Pensions:

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

1. Summary of Significant Accounting Policies: (Continued)

p. Leases:

The School District is a lessee for a noncancellable lease of copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of $50,000 or more.

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

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

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

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

q. Subscription Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of $50,000 or more.

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

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

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

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

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

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

As of June 30, 2025, the investments reported in the financial statements consist only of certificates of deposit.

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

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

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

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

3. Receivables and Payables:

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

4. Inventory:

Inventory held for consumption is stated at cost.

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

4. Inventory: (Continued)

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

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

5. Property Tax:

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

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

6. Changes in Capital Assets:

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

	6/30/2024	Increases	Decreases	6/30/2025
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 101,083	$ --	$ --	$ 101,083
Construction in progress	13,846,025	34,413	13,880,438	--
Total capital assets not being depreciated	13,947,108	34,413	13,880,438	101,083
Capital assets being depreciated/amortized:				
Buildings	6,871,499	13,880,438	73,412	20,678,525
Improvements	287,500	--	--	287,500
Machinery & Equipment	1,739,705	274,716	89,616	1,924,805
Intangible Lease Assets	51,399	--	--	51,399
Total capital assets being depreciated/amortized	8,950,103	14,155,154	163,028	22,942,229
Less accumulated depreciation/amortization for:				
Buildings	2,200,278	361,855	50,573	2,511,560
Improvements	287,500	--	--	287,500
Machinery & Equipment	876,065	116,671	46,869	945,867
Intangible Assets	--	10,646	--	10,646
Total accumulated depreciation/amortization	3,363,843	489,172	97,442	3,755,573
Total capital assets being depreciated/amortized, net	5,586,260	13,665,982	65,586	19,186,656
Net Capital Assets	$ 19,533,368	$ 13,700,395	$ 13,946,024	$ 19,287,739

Depreciation/amortization expense was charged to functions as follows:

Instruction	$ 142,656
Support services	206,360
Co-curricular activities	140,156
Total Depreciation/Amortization Expense	$ 489,172

6. Changes in Capital Assets: (Continued)

	6/30/2024	Increases	Decreases	6/30/2025
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery & Equipment	$ 298,752	$ --	$ --	$ 298,752
Less accumulated depreciation for:				
Machinery & Equipment	29,104	22,951	--	52,055
Total capital assets, net	$ 269,648	$ (22,951)	$ --	$ 246,697

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	$ 22,951

7. Long-Term Liabilities:

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

	6/30/2024	Increase	Decrease	6/30/2025	Due Within One Year
Governmental Activities:					
Capital Outlay Certificates Series 2022	$ 9,100,000	$ --	$ 430,000	$ 8,670,000	$ 435,000
Plus unamortized premium	36,537	--	2,069	34,468	2,069
Leases	51,399	--	10,646	40,753	12,634
OPEB	287,556	14,863	--	302,419	29,000
Total Long-Term Liabilities	$ 9,475,492	$ 14,863	$ 442,715	$ 9,047,640	$ 478,703

	6/30/2024	Increase	Decrease	6/30/2025	Due Within One Year
Business-Type Activities:					
OPEB	$ 15,135	$ 782	$ --	$ 15,917	$ 1,000
Total Long-Term Liabilities	$ 15,135	$ 782	$ --	$ 15,917	$ 1,000

7. Long-Term Liabilities: (Continued)

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

Deuel School District No. 19-4 Limited Tax General Obligation Certificates Series 2022	The School District issued $9,955,000 of Limited Tax General Obligation Certificates, Series 2022. The certificates are payable March 2022 through August 2041 with interest rates from 1% to 3% depending on the length of time to maturity of the individual certificates; callable on or after August 1, 2023. The Capital Outlay Fund makes payment on this debt.	$ 8,670,000
Deuel School District No. 19-4 Intangible Lease	During 2024, the School District entered into an agreement to lease copiers. There is an imputed interest rate of 4.28% assessed on this lease. Final payment is July 2028. The Capital Outlay Fund makes payment on this debt.	$ 40,753
Other Post Employment Benefits - Payable from the general and food service funds		$ 318,336

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

Year Ending	Capital Outlay Certificates		Leases		Totals	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 435,000	$ 182,740	$ 12,634	$ 1,498	$ 447,634	$ 184,238
2027	440,000	177,488	13,185	947	453,185	178,435
2028	450,000	170,128	13,761	371	463,761	170,499
2029	460,000	161,028	1,173	4	461,173	161,032
2030	465,000	151,778	--	--	465,000	151,778
2031-2035	2,475,000	624,544	--	--	2,475,000	624,544
2036-2040	2,740,000	350,953	--	--	2,740,000	350,953
2041-2042	1,205,000	30,885	--	--	1,205,000	30,885
Totals	$ 8,670,000	$ 1,849,544	$ 40,753	$ 2,820	$ 8,710,753	$ 1,852,364

8. Restricted Net Position:

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

Purpose	Restricted By	Amount
Major Purposes:		
Capital outlay	Law	$ 4,135,889
Special education	Law	434,055
SDRS Pension Purposes	Law	330,078
Total		$ 4,900,022

9. Interfund Transfers:

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

Transfer from the General Fund to the Food Service Fund for Operations.	$	100,000
Transfer from the Capital Projects Fund to the Capital Outlay Fund to close fund.	$	147,750
Transfer from the Capital Outlay Fund to Capital Projects Fund for the building project.	$	250,000

10. Pension Plan:

Plan Information:

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

Benefits Provided:

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

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

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

10. Pension Plan: (Continued)

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

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

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

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

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

Contributions:

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

Year	Amount
2025	$ 215,923
2024	209,969
2023	191,998

10. Pension Plan: (Continued)

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

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

Proportionate share of pension liability	$ 18,608,443
Less proportionate share of net pension restricted for pension benefits	18,613,492
Proportionate share of net pension (asset)	$ (5,049)

At June 30, 2025, the School District reported an asset of ($5,049) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was 0.12473600%, which is an increase of 0.0006760% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of $130,529. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 467,567	$ --
Changes in assumption	83,248	634,562
Net difference between projected and actual earnings on pension plan investments	190,193	--
Changes in proportion and difference between district contributions and proportionate share of contributions	3,682	1,022
School District contributions subsequent to the measurement	215,923	--
Total	$ 960,613	$ 635,584

10. Pension Plan: (Continued)

$215,923 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2026	$ (175,596)
2027	244,585
2028	25,013
2029	15,104
Total	$ 109,106

Actuarial Assumptions:

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

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

Mortality Rates:

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

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

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

10. Pension Plan: (Continued)

Beneficiaries:
PubG-2010 contingent survivor mortality table

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

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

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

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

Discount Rate:

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

10. Pension Plan: (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension (asset)	$ 2,565,772	$ (5,049)	$ (2,108,782)

Pension Plan Fiduciary Net Position:

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

11. Joint Ventures:

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

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

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

11. Joint Ventures: (Continued)

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

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

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

12. Risk Management:

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

Employee Health Insurance:

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

The coverage includes the option of three different plans with a deductible from $1,500 to $4,000.

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

Liability Insurance:

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

12. Risk Management: (Continued)

Worker's Compensation:

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

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

Unemployment Benefits:

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

The School District has Assigned Fund Balance in the General Fund in the amount of $17,707 for the payment of future unemployment benefits.

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

13. Other Post Employment Benefits (OPEB):

Plan Description: The School District administers a single-employer defined benefit plan which provides medical and prescription drug benefits for current employees, eligible retirees, and their immediate families as permitted by South Dakota Codified Law 6-1-16. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75.

Individuals who are employed by the School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits, which results in an implicit rate subsidy and an OPEB liability.

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

Employees Covered by Benefit Terms: As of June 30, 2025, there were a total of 84 employees covered by the benefit terms. This includes 5 retirees currently receiving benefit payments and 79 active employees.

Total OPEB Liability: The School District's total OPEB liability of $318,336 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions: The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, using the entry age normal actuarial cost method.

Inflation – 2.50%
Salary Increases – Graded by years of services, from 7.66% at entry to 3.15% after 25 years of service
Discount rate – 3.93%
Healthcare Cost Trend Rate – 6.7% initial rate decreasing annually to an ultimate rate of 3.7%
Retirees Share of Benefit-Related Cost – 100% of projected health insurance for retirees.

The discount rate used to measure the total OPEB liability was 3.93% which is based on the 20 year Bond Buyer GO Index.

Mortality rates were based on PubT-2010 Mortality Table projected generationally with MP-2021. 108% of mortality rates for current retirees age 65 and older. Mortality rates for disabled members were based on PubG-2010 Disabled Mortality Table projected generationally with MP-2021.

The plan has not had a formal actuarial experience study performed.

13. Other Post Employment Benefits (OPEB): (Continued)

Changes in the Total OPEB Liability:

	Total OPEB Liability
Total OPEB liability, beginning of year	$ 302,691
Changes for the year:	
Service cost	35,093
Interest on total OPEB liability	11,940
Effect of assumptions changes or inputs	(9,886)
Benefit payments	(21,502)
Total OPEB liability, end of year	$ 318,336

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate: The following presents the School District's total OPEB liability, as well as what the School District's total OPEB liability would be if it were calculating using a discount rate that is 1-percentage point lower (2.93%) or 1-percentage point higher (4.93%) than the current discount rate:

	1% Decrease 2.93%	Discount Rate 3.93%	1% Increase 4.93%
Total OPEB Liability	$ 355,599	$ 318,336	$ 286,089

The following presents the School District's total OPEB liability, as well as what the School District's total OPEB liability would be if it were calculating using a current healthcare cost trend rates that is 1-percentage point lower or 1-percentage point higher than the current trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 272,914	$ 318,336	$ 374,246

For the year ended June 30, 2025, the School District recognized OPEB expense of $43,576. At June 30, 2025, the School District reported $74,245 of deferred outflows of resources related to OPEB and $57,625 of deferred inflows of resources related to OPEB from economic/demographic (gains) or losses and changes in assumptions or inputs.

13. Other Post Employment Benefits (OPEB): (Continued)

The deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	Amount
2026	$ (2,485)
2027	(1,131)
2028	(753)
2029	4,238
2030	4,001
Thereafter	12,750

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

Deuel School District No. 19-4

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis

June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	$ 1,935,975	$ 1,935,975	$ 2,008,528	$ 72,553
Prior years' ad valorem taxes	10,000	10,000	15,106	5,106
Utility taxes	250,000	250,000	243,352	(6,648)
Penalties and interest on taxes	4,000	4,000	4,829	829
Earnings on Investments and Deposits	35,000	35,000	45,126	10,126
Food service	60,000	60,000	48,543	(11,457)
Cocurricular Activities:				
Admissions	24,100	24,100	28,902	4,802
Other student activity income	800	800	3,815	3,015
Other Revenue from Local Sources:				
Rentals	3,000	3,000	5,205	2,205
Charges for services	4,000	4,000	3,843	(157)
Other	7,000	7,000	10,347	3,347
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	24,000	24,000	94,284	70,284
Revenue in lieu of taxes	4,000	4,000	1,241	(2,759)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	2,453,145	2,453,145	2,508,428	55,283
Restricted grants-in-aid	--	--	4,220	4,220
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received directly from federal government	--	--	27,361	27,361
Restricted grants-in-aid received from federal government through the state	206,938	206,938	188,525	(18,413)
Other Federal Revenue	--	--	32	32
Total Revenues	$ 5,021,958	$ 5,021,958	$ 5,241,687	$ 219,729

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	$ 1,090,950	$ 1,090,950	$ 1,096,923	$ (5,973)
Middle/junior high	444,950	444,950	484,366	(39,416)
High school	906,088	906,088	877,429	28,659
Preschool	79,600	79,600	68,936	10,664
Special Programs:				
Educationally deprived	98,860	98,860	98,930	(70)
Support Services:				
Students:				
Guidance	201,050	201,050	184,952	16,098
Health	15,500	15,500	8,255	7,245
Instructional Staff:				
Improvement of instruction	18,000	18,000	20,102	(2,102)
Educational media	95,635	95,635	86,081	9,554
General Administration:				
Board of education	67,775	67,775	65,422	2,353
Executive administration	170,520	170,520	163,067	7,453
School Administration:				
Office of the principal	272,340	272,340	261,907	10,433
Other	400	400	336	64
Business:				
Fiscal services	177,490	177,490	177,734	(244)
Operation and maintenance of plant	667,234	667,234	603,510	63,724
Student transportation	386,700	386,700	402,320	(15,620)
Food service	60,000	60,000	48,543	11,457
Internal services	17,000	17,000	21,348	(4,348)
Cocurricular Activities:				
Male activities	87,000	87,000	86,741	259
Female activities	86,000	86,000	70,259	15,741
Transportation	35,300	35,300	30,947	4,353
Combined activities	139,640	139,640	132,467	7,173
Contingencies	--	--	--	--
Total Expenditures	5,118,032	5,118,032	4,990,575	127,457
Excess of Revenues Over Expenditures	(96,074)	(96,074)	251,112	347,186
Other Financing (Uses):				
Transfers out	(100,000)	(100,000)	(100,000)	--
Total Other Financing (Uses):	(100,000)	(100,000)	(100,000)	--
Net Change in Fund Balances	(196,074)	(196,074)	151,112	347,186
Fund Balance, Beginning of Year	1,587,761	1,587,761	1,587,761	--
Fund Balance, End of Year	$ 1,391,687	$ 1,391,687	$ 1,738,873	$ 347,186

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

Deuel School District No. 19-4

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis

June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	$ 1,865,560	$ 1,865,560	$ 1,787,906	$ (77,654)
Prior years' ad valorem taxes	4,000	4,000	10,236	6,236
Penalties and interest on taxes	3,000	3,000	3,892	892
Earnings on Investments & Deposits	15,000	15,000	68,331	53,331
Other Revenue from Local Sources:				
Other	--	--	49,327	49,327
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	--	--	2,200	2,200
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	177,773	177,773	176,486	(1,287)
Total Revenues	2,065,333	2,065,333	2,098,378	33,045
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	31,050	31,050	78,327	(47,277)
Middle/junior high	15,600	15,600	21,750	(6,150)
High school	77,373	77,373	94,429	(17,056)
Special Programs:				
Educationally Deprived	590	590	140	450
Support Services:				
Instructional Staff:				
Educational media	153,050	153,050	35,949	117,101
Business:				
Fiscal services	15,000	15,000	500	14,500
Operation and maintenance of plant	308,000	308,000	213,350	94,650
Student transportation	127,000	127,000	214,062	(87,062)
Internal service	15,600	15,600	1,277	14,323
Debt Services	617,483	617,483	630,413	(12,930)
Cocurricular Activities:				
Male activities	16,000	16,000	17,687	(1,687)
Female activities	27,500	27,500	12,676	14,824
Combined activities	23,350	23,350	27,078	(3,728)
Total Expenditures	1,427,596	1,427,596	1,347,638	79,958
Excess of Revenue Over (Under) Expenditures	637,737	637,737	750,740	113,003
Other Financing Sources:				
Transfers in	--	--	147,750	147,750
Transfers out	(200,000)	(200,000)	(250,000)	(50,000)
Compensation for loss of general capital assets	--	--	35,106	35,106
Total Other Financing Sources	(200,000)	(200,000)	(67,144)	132,856
Net Change in Fund Balances	437,737	437,737	683,596	245,859
Fund Balance, Beginning of Year	3,452,293	3,452,293	3,452,293	--
Fund Balance, End of Year	$ 3,890,030	$ 3,890,030	$ 4,135,889	$ 245,859

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

Deuel School District No. 19-4

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	$ 1,050,558	$ 1,050,558	$ 1,045,785	$ (4,773)
Prior years' ad valorem taxes	4,000	4,000	5,187	1,187
Penalties and interest on taxes	1,500	1,500	2,035	535
Earnings on Investments & Deposits	10,000	10,000	11,298	1,298
Other Revenue from Local Sources:				
Charges for services	3,000	3,000	5,826	2,826
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	--	--	1,165	1,165
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	--	--	227	227
Total Revenues	1,069,058	1,069,058	1,071,523	2,465
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	910,250	910,250	959,621	(49,371)
Support Services:				
Students:				
Psychological	40,000	40,000	38,836	1,164
Speech pathology	53,000	53,000	56,193	(3,193)
Student therapy services	35,000	35,000	33,532	1,468
General Administration:				
Board of education	1,325	1,325	1,291	34
Special Education:				
Administrative costs	57,400	57,400	430	56,970
Total Expenditures	1,096,975	1,096,975	1,089,903	7,072
Net Change in Fund Balance	(27,917)	(27,917)	(18,380)	9,537
Fund Balance, Beginning of Year	452,435	452,435	452,435	--
Fund Balance, End of Year	$ 424,518	$ 424,518	$ 434,055	$ 9,537

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

1. Budgets and Budgetary Accounting:

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

a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.

b. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.

c. The proposed budget is published for public review no later than July 15 each year.

d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.

e. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.

f. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (h).

g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.

h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.

i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

j. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

k. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. USGAAP/Budgetary Accounting Basis Differences:

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

Deuel School District No. 19-4

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

Last 10 Years*

Fiscal Year	District's Proportion of the Net Pension Liability/Asset	District's Proportionate Share of the Net Pension Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2025	0.1247360%	$ (5,049)	$ 3,499,474	0.14%	100.00%
2024	0.1240600%	$ (12,109)	$ 3,195,563	0.38%	100.10%
2023	0.1267790%	$ (11,981)	$ 3,014,716	0.40%	100.10%
2022	0.1270380%	$ (972,894)	$ 2,882,988	33.75%	105.52%
2021	0.1235039%	$ (5,364)	$ 2,710,539	0.20%	100.04%
2020	0.1267813%	$ (13,435)	$ 2,695,629	0.50%	100.09%
2019	0.1238577%	$ (2,889)	$ 2,574,880	0.11%	100.02%
2018	0.1227692%	$ (11,141)	$ 2,494,416	0.45%	100.10%
2017	0.1194906%	$ 403,628	$ 2,272,106	17.76%	96.89%
2016	0.1189989%	$ (504,708)	$ 2,172,577	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.

Last 10 Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 215,923	$ (215,923)	$ --	$ 3,598,721	6.00%
2024	$ 209,969	$ (209,969)	$ --	$ 3,499,474	6.00%
2023	$ 191,998	$ (191,998)	$ --	$ 3,195,563	6.00%
2022	$ 181,681	$ (181,681)	$ --	$ 3,014,716	6.00%
2021	$ 172,974	$ (172,974)	$ --	$ 2,882,988	6.00%
2020	$ 162,632	$ (162,632)	$ --	$ 2,710,539	6.00%
2019	$ 161,738	$ (161,738)	$ --	$ 2,695,629	6.00%
2018	$ 154,493	$ (154,493)	$ --	$ 2,574,880	6.00%
2017	$ 149,665	$ (149,665)	$ --	$ 2,494,416	6.00%
2016	$ 136,500	$ (136,500)	$ --	$ 2,272,106	6.00%

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.

Deuel School District No. 19-4

Schedule of Changes in School District's Total OPEB Liability, Related Notes, and Ratios

For the Year Ended June 30, 2025

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Service cost	$ 35,093	$ 21,867	$ 26,380	$ 22,147	$ 18,253	$ 19,188	$ 19,287	$ 20,946
Interest cost	11,940	8,512	5,850	5,338	7,415	10,261	9,280	7,467
Effect of economic/demographic gains or losses	--	4,621	--	8,109	--	(19,800)	--	--
Effect of assumption changes or inputs	(9,886)	59,298	(36,969)	13,502	23,254	(42,729)	(6,426)	(16,560)
Benefit payments	(21,502)	(20,184)	(22,170)	(25,981)	(20,128)	(18,412)	(13,873)	(12,094)
Net change in total OPEB liability	15,645	74,114	(26,909)	23,115	28,794	(51,492)	8,268	(241)
Total OPEB liability beginning of year	302,691	228,577	255,486	232,371	203,577	255,069	246,801	247,042
Total OPEB liability end of year	$ 318,336	$ 302,691	$ 228,577	$ 255,486	$ 232,371	$ 203,577	$ 255,069	$ 246,801
School District's Covered Payroll	$ 3,598,721	$ 3,499,474	$ 3,195,563	$ 3,014,716	$ 2,882,988	$ 2,710,539	$ 2,695,629	$ 2,574,880
Total OPEB Liability as a % of Covered Payroll	8.85%	8.65%	7.15%	8.47%	8.06%	7.51%	9.46%	9.58%

Notes to Schedule of Changes in School District's Total OPEB Liability and Related Ratios

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Year ended June 30, 2025	3.93%
Year ended June 30, 2024	3.65%
Year ended June 30, 2023	3.54%
Year ended June 30, 2022	2.16%
Year ended June 30, 2021	2.21%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.87%
Year ended June 30,2018	3.58%

*GASB Statement No. 75 requires ten years of information to be presented in the table. However, until a full 10-year trend is compiled, the School District will present information for those years which information is available.