DUPREE SCHOOL DISTRICT NO. 64-2

Financial Statements

June 30, 2025

CASEY · PETERSON

Dupree School District No. 64-2
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June 30, 2025

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CASEY • PETERSON
CPAs & FINANCIAL ADVISORS

Independent Auditor's Report

School Board
Dupree School District No. 64-2
Dupree, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dupree School District No. 64-2 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal 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 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 GAS 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 GAS, 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 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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (Unaudited), budgetary comparison schedules, Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension Contributions, and Notes to the Required Supplementary Information 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the auditor's report. The other information comprises the list of School District Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2026 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota
January 26, 2026

Dupree School District No. 64-2
Management's Discussion and Analysis (Unaudited)
June 30, 2025

This section of Dupree School District No. 64-2's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- During the 24 - 25 fiscal year, the District's revenues generated from taxes and other revenues of the governmental and business-type programs were $771,433 more than the $8,217,514 of governmental and business-type expenses.
- Impact Aid payment for 2025 was paid out at 94.64% Learning Opportunity Threshold (LOT).
- The District received $86,400 from the extraordinary cost fund for the Special Education Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District government, reporting the District's operations in more detail than the government-wide statements.
    - Governmental fund statements tell how general government services were financed in the short term, as well as what remains for future spending.
    - Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like businesses. The only proprietary fund operated by the District is the Food Service Fund.
    - Fiduciary fund statements provide information about the financial relationships - like scholarship plans for graduating students - in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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

Figure A-1

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

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

Government-wide Statements

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

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

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

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

- Governmental Activities - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.), and capital equipment purchases. Property taxes, state grants, federal grants, and interest earnings finance most of these activities.
- Business-type Activities - The District only charges for adult meals, not for student meals. The Food Service Fund is the only business-type activity of the school.

Fund Financial Statements

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

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

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position increased as follows:

Table A-1
Dupree School District No. 64-2
Statement of Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024 - 2025
Current and Other Assets	$ 9,321,557	$ 9,332,004	$ 29,479	$ 16,214	$ 9,351,036	$ 9,348,218	-0.03%
Capital Assets (Net of Depreciation)	16,664,260	17,273,462	52,588	46,514	16,716,848	17,319,976	3.61%
Total Assets	25,985,817	26,605,466	82,067	62,728	26,067,884	26,668,194	2.30%
Total Deferred Outflows of Resources	1,231,237	1,083,289	43,865	40,791	1,275,102	1,124,080	-11.84%
Long-Term Liabilities Outstanding	173,223	194,592	-	-	173,223	194,592	12.34%
Other Liabilities	1,071,604	710,873	13,610	1,948	1,085,214	712,821	-34.32%
Total Liabilities	1,244,827	905,465	13,610	1,948	1,258,437	907,413	-27.89%
Total Deferred Inflows of Resources	1,256,769	1,284,446	25,185	26,387	1,281,954	1,310,833	2.25%
Net Investment in Capital Assets	16,664,260	17,273,462	52,588	46,514	16,716,848	17,319,976	3.61%
Restricted	910,915	692,678	19,183	14,614	930,098	707,292	-23.96%
Unrestricted	7,140,283	7,532,704	15,366	14,056	7,155,649	7,546,760	5.47%
Total Net Position	$ 24,715,458	$ 25,498,844	$ 87,137	$ 75,184	$ 24,802,595	$ 25,574,028	3.11%

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

Changes in Net Position

The District's revenues totaled $8,988,947. Approximately 60% of the District's revenue came from federal and state sources, approximately 24% came from operating grants and contributions and capital grants and contributions, and approximately 16% came from property and other revenue. (see Figure A-2).

The District's expenses cover a range of services encompassing instruction, support services, and food services. (See Figure A-3)

Figure A-2
Sources of Revenue for Fiscal Year 2025

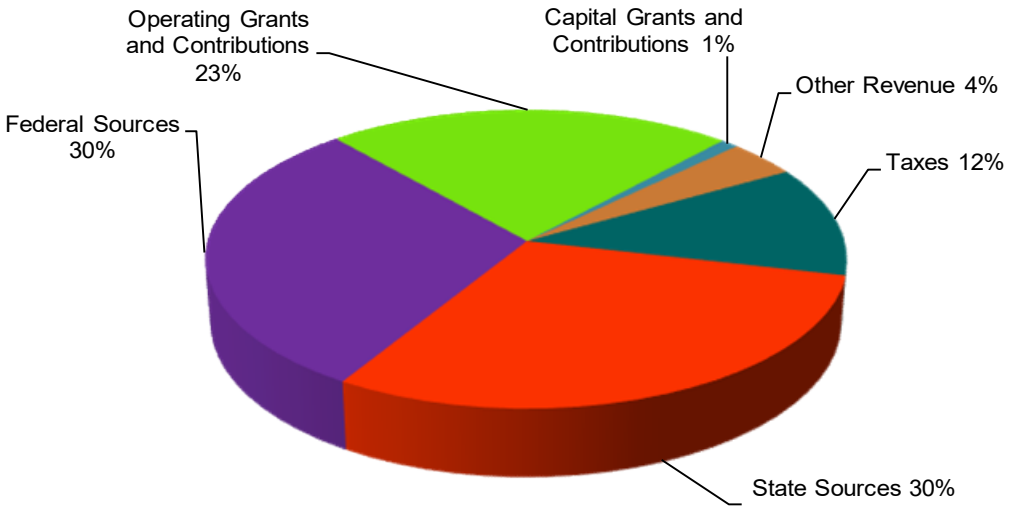
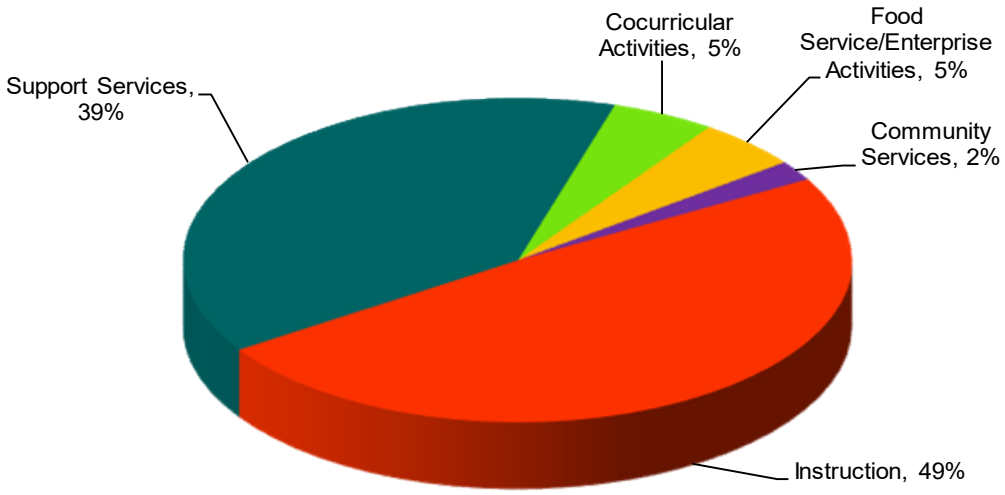


Figure A-3
Functional Expenses for Fiscal Year 2025



GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Table A-2 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the District.

Table A-2
Dupree School District No. 64-2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024 - 2025
Revenues							
Program Revenues:							
Charges for Services	$ 21,636	$ 30,919	$ 13,114	$ 14,154	$ 34,750	$ 45,073	29.71%
Operating Grants and Contributions	2,106,702	1,795,699	280,030	278,413	2,386,732	2,074,112	-13.10%
Capital Grants and Contributions	254,588	46,003	-	-	254,588	46,003	-81.93%
General Revenues:							
Taxes	1,125,190	1,107,197	-	-	1,125,190	1,107,197	-1.60%
Revenue State Sources	2,648,557	2,663,717	-	-	2,648,557	2,663,717	0.57%
Revenue Federal Sources	3,203,857	2,697,392	-	-	3,203,857	2,697,392	-15.81%
Revenue Local Sources	27,555	47,381	-	-	27,555	47,381	71.95%
Unrestricted Investment Earnings	410,268	308,072	-	-	410,268	308,072	-24.91%
Total Revenues	9,798,353	8,696,380	293,144	292,567	10,091,497	8,988,947	-10.93%
Expenses							
Instruction	4,082,174	4,031,625	-	-	4,082,174	4,031,625	-1.24%
Support Services	3,224,821	3,211,798	-	-	3,224,821	3,211,798	-0.40%
Cocurricular Activities	367,589	414,954	-	-	367,589	414,954	12.89%
Community Services	131,129	151,617	-	-	131,129	151,617	15.62%
Food Service	-	-	382,282	407,520	382,282	407,520	6.60%
Total Expenses	7,805,713	7,809,994	382,282	407,520	8,187,995	8,217,514	0.36%
Excess (Deficiency) of Revenues over Expenses	1,992,640	886,386	(89,138)	(114,953)	1,903,502	771,433	-59.47%
Other Financing Sources (Uses)							
Gain on Sale of Capital Assets	23,257	-	-	-	23,257	-	-100.00%
Transfers In (Out)	(92,500)	(103,000)	92,500	103,000	-	-	0.00%
Change in Net Position	1,923,397	783,386	3,362	(11,953)	1,926,759	771,433	-59.96%
Net Position - Beginning	22,792,061	24,715,458	83,775	87,137	22,875,836	24,802,595	8.42%
Net Position - Ending	$ 24,715,458	$ 25,498,844	$ 87,137	$ 75,184	$ 24,802,595	$ 25,574,028	3.11%

GOVERNMENTAL ACTIVITIES

Revenues of the District's governmental activities decreased by approximately 11.25% to $8,696,380 and expenses increased by approximately 0.05% to $7,809,994.

BUSINESS-TYPE ACTIVITIES

Revenues of the District's business-type activities (Food Service) decreased by approximately 0.20% to $292,567 and expenses increased by approximately 6.60% to $407,520.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund balance increased for the year ended June 30, 2025. This was due to receiving an increase in revenues from state sources. The Special Education fund balance showed a decrease from the prior year due to a decrease in revenue from state and federal sources. The Capital Outlay fund balance showed a decrease from the prior year. The Capital Project Fund balance increased from the prior year due to a decrease in expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no significant budget changes or budget variances for the year.

CAPITAL ASSET ADMINISTRATION

By the end of FY 2025, the District had invested $17,319,976 (net of depreciation) in a broad range of capital assets, including land, buildings, improvements, equipment, and construction in progress. (See Table A-3) This amount represents a net increase (including additions and deductions) of $603,128. The capitalization threshold remains at $15,000 for all improvements, $50,000 for all buildings, $5,000 for all equipment for governmental activities, and $2,000 for business-type activities.

Table A-3
Dupree School District No. 64-2
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2024	2025	2024	2025	2024 - 2025	2024 - 2025
Land	$ 62,858	$ 62,858	$ -	$ -	$ -	0.00%
Buildings	5,008,334	5,241,905	-	-	233,571	4.66%
Improvements	308,992	308,992	-	-	-	0.00%
Construction in Progress	10,750,368	11,021,183	-	-	270,815	2.52%
Equipment	533,708	638,524	52,588	46,514	98,742	16.84%
Total Capital Assets (Net)	$ 16,664,260	$ 17,273,462	$ 52,588	$ 46,514	$ 603,128	3.61%

This year's capital asset purchases were for various equipment and governor's houses. The District also has construction for a school building addition, which will be recorded in the Construction in Progress (CIP) account until the completion of the construction phase.

LONG-TERM DEBT

At year-end, the District had $194,592 in long-term obligations. This is an increase of 12.34% as shown in Table A-4 below.

Table A-4
Dupree School District No. 64-2
Outstanding Debt and Obligations

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2024	2025	2024	2025	2024 - 2025	2024 - 2025
Compensated Absences	$ 173,223	$ 194,592	$ -	$ -	$ 21,369	12.34%

The District is liable for the compensated absence pay to the administration and teaching staff. The total also includes a long-term obligation for compensated absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

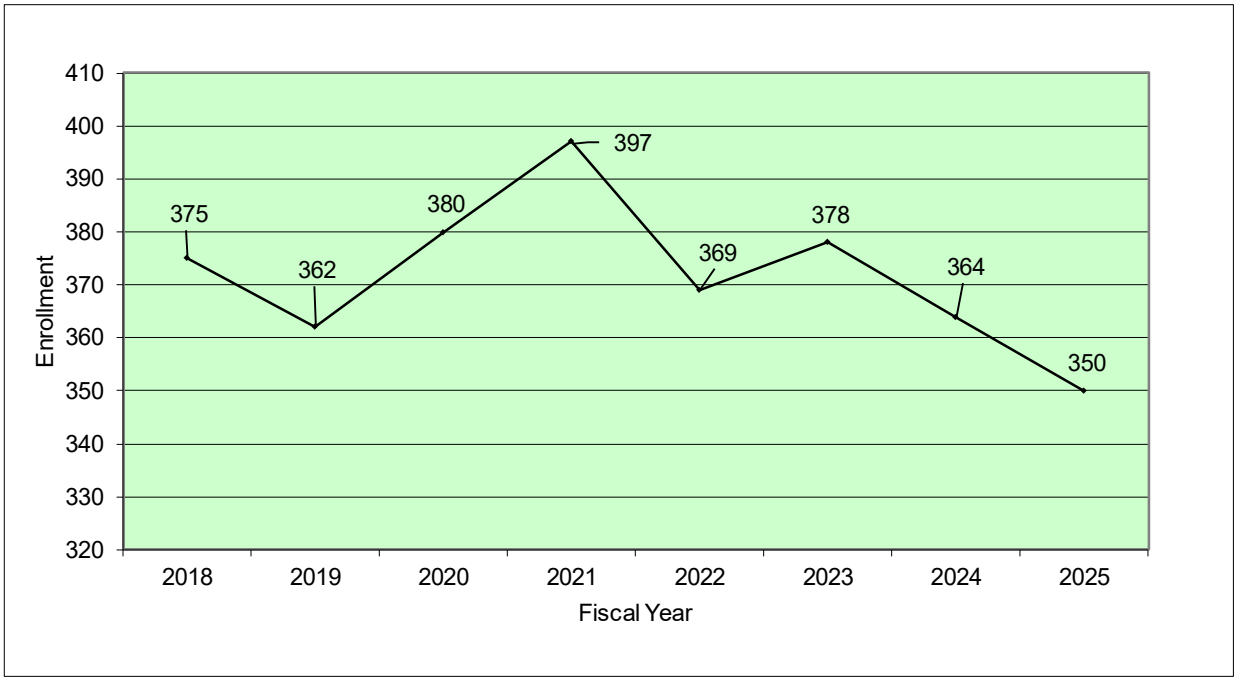
The District's current economic position has shown a significant change. The District has two primary sources of revenue: state aid and federal impact aid.

State Aid is currently based on a target student-to-teacher ratio basis based on the district size. Under this formula, the District's targeted teacher ratio is 13.13 based on an enrollment of 350. Future state aid allocation for the 2025-2026 school year will be determined by the state legislature.

Impact Aid is a federal program providing assistance to schools for federally connected students. Payments are made in lieu of property taxes that are not levied. A majority of the District's children reside on Indian lands. The final (LCR) allocation per weighted average for fiscal year 2025 was $8,792 per student, an increase of $521 per weighted student average from the prior year.

The District's enrollment from 2018 through 2025 was as follows:

Average Daily Attendance by Fiscal Year



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Dupree School's Business Office, 127 B Street, Dupree, SD 57623.

BASIC FINANCIAL STATEMENTS

Dupree School District No. 64-2
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 1,941,317	$ 6,004	$ 1,947,321
Investments	6,702,869	-	6,702,869
Taxes Receivable	533,975	-	533,975
Accounts Receivable	148,333	2,848	151,181
Due (To)/From Other Funds	(66)	66	-
Inventories	-	7,086	7,086
Restricted Assets:			
Net Pension Asset	5,576	210	5,786
	9,332,004	16,214	9,348,218
Capital Assets:			
Land	62,858	-	62,858
Construction in Progress	11,021,183	-	11,021,183
Buildings	8,676,160	-	8,676,160
Improvements	308,992	-	308,992
Equipment	2,919,258	142,098	3,061,356
Less: Accumulated Depreciation	(5,714,989)	(95,584)	(5,810,573)
Total Capital Assets, Net of Depreciation	17,273,462	46,514	17,319,976
Total Assets	26,605,466	62,728	26,668,194
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	1,083,289	40,791	1,124,080
LIABILITIES			
Accounts Payable	225,250	-	225,250
Other Current Liabilities	485,623	1,948	487,571
Long-term Liabilities:			
Due Within One Year	54,960	-	54,960
Due in More than One Year	139,632	-	139,632
Total Liabilities	905,465	1,948	907,413

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Statement of Net Position (Continued)
June 30, 2025

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Future Periods	540,206	-	540,206
Pension-related Deferred Inflows	700,774	26,387	727,161
Other Deferred Inflows of Resources	43,466	-	43,466
Total Deferred Inflows of Resources	1,284,446	26,387	1,310,833
NET POSITION			
Net Investment in Capital Assets	17,273,462	46,514	17,319,976
Restricted for:			
Capital Outlay	169,407	-	169,407
Capital Project Purposes	67,808	-	67,808
Special Education	67,372	-	67,372
Proportionate Share of Net Pension	388,091	14,614	402,705
Unrestricted	7,532,704	14,056	7,546,760
TOTAL NET POSITION	$ 25,498,844	$ 75,184	$ 25,574,028

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
GOVERNMENTAL ACTIVITIES							
Instruction	$ 4,031,625	$ -	$ 1,407,255	$ -	$ (2,624,370)	$ -	$ (2,624,370)
Support Services	3,211,798	20,566	232,015	46,003	(2,913,214)	-	(2,913,214)
Community Services	151,617	-	156,429	-	4,812	-	4,812
Cocurricular Activities	414,954	10,353	-	-	(404,601)	-	(404,601)
Total Governmental Activities	7,809,994	30,919	1,795,699	46,003	(5,937,373)	-	(5,937,373)
BUSINESS-TYPE ACTIVITIES							
Food Service	407,520	14,154	278,413	-	-	(114,953)	(114,953)
TOTAL PRIMARY GOVERNMENT	$ 8,217,514	$ 45,073	$ 2,074,112	$ 46,003	(5,937,373)	(114,953)	(6,052,326)
GENERAL REVENUES AND TRANSFERS							
Taxes:							
Property Taxes					1,077,178	-	1,077,178
Gross Receipts Taxes					30,019	-	30,019
Revenue from State Sources:							
State Aid					2,663,717	-	2,663,717
Revenue from Federal Sources					2,697,392	-	2,697,392
Unrestricted Investment Earnings					308,072	-	308,072
Other General Revenues					47,381	-	47,381
Transfers					(103,000)	103,000	-
Total General Revenues and Transfers					6,720,759	103,000	6,823,759
CHANGE IN NET POSITION					783,386	(11,953)	771,433
NET POSITION - BEGINNING					24,715,458	87,137	24,802,595
NET POSITION - ENDING					$ 25,498,844	$ 75,184	$ 25,574,028

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Capital Outlay Fund	Special Education Fund	Capital Project Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 1,384,013	$ 164,714	$ 127,871	$ 264,719	$ 1,941,317
Investments	6,702,869	-	-	-	6,702,869
Taxes Receivable, Current	165,953	171,602	179,942	-	517,497
Taxes Receivable, Delinquent	6,807	4,693	4,978	-	16,478
Accounts Receivable, Net	148,333	-	-	-	148,333
Due from Other Funds	-	-	161	-	161
TOTAL ASSETS	$ 8,407,975	$ 341,009	$ 312,952	$ 264,719	$ 9,326,655
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 23,881	$ -	$ 4,458	$ 196,911	$ 225,250
Contracts Payable	321,704	-	34,048	-	355,752
Due to Other Funds	227	-	-	-	227
Payroll Deductions and Employer Matching Payable	109,214	-	20,657	-	129,871
Total Liabilities	455,026	-	59,163	196,911	711,100
Deferred Inflows of Resources:					
Property Taxes Levied for Future Periods	175,715	177,922	186,569	-	540,206
Other Deferred Inflows	43,466	-	-	-	43,466
Delinquent Property Taxes Received Outside the Period of Availability	6,807	4,693	4,978	-	16,478
Total Deferred Inflows of Resources	225,988	182,615	191,547	-	600,150
Fund Balances:					
Restricted:					
For Capital Outlay	-	158,394	-	-	158,394
For Special Education	-	-	62,242	-	62,242
For Capital Project	-	-	-	67,808	67,808
Unassigned	7,726,961	-	-	-	7,726,961
Total Fund Balances	7,726,961	158,394	62,242	67,808	8,015,405
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 8,407,975	$ 341,009	$ 312,952	$ 264,719	$ 9,326,655

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds	$ 8,015,405
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	17,273,462
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Compensated Absences	(194,592)
Assets, including property taxes receivable and other receivables that are not available to pay for current period expenditures, are deferred in the governmental funds.	16,478
Net pension asset reported in governmental activities is not an available financial resource and, therefore, not reported in the funds.	5,576
Pension-related deferred outflows are components of pension liability (asset) and changes are not reported in the governmental funds.	1,083,289
Pension-related deferred inflows are components of pension liability (asset) and changes are not reported in the governmental funds.	(700,774)
Net Position - Governmental Activities	$ 25,498,844

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Capital Outlay Fund	Special Education Fund	Capital Project Fund	Total Governmental Funds
REVENUES					
Revenue from Local Sources:					
Taxes:					
Ad Valorem Taxes	$ 347,958	$ 348,356	$ 367,611	$ -	$ 1,063,925
Gross Receipts Taxes	30,019	-	-	-	30,019
Penalties and Interest on Taxes	2,769	2,140	2,273	-	7,182
Cocurricular Activities	10,353	-	-	-	10,353
Earnings on Investments and Deposits	308,072	-	-	-	308,072
Other Local Revenue	57,486	-	9,585	-	67,071
Total Revenue from Local Sources	756,657	350,496	379,469	-	1,486,622
Revenue from Intermediate Sources:					
County Apportionment	876	-	-	-	876
Revenue from State Sources:					
Unrestricted Grants-in-aid	2,665,217	-	-	-	2,665,217
Restricted Grants-in-aid	-	-	678,276	-	678,276
Total Revenue from State Sources	2,665,217	-	678,276	-	3,343,493
Revenue from Federal Sources:					
Unrestricted Grants-in-aid	2,612,139	43,150	97,280	-	2,752,569
Restricted Grants-in-aid	1,103,896	2,853	-	-	1,106,749
Total Revenue from Federal Sources	3,716,035	46,003	97,280	-	3,859,318
Total Revenue	7,138,785	396,499	1,155,025	-	8,690,309

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2025

	General Fund	Capital Outlay Fund	Special Education Fund	Capital Project Fund	Total Governmental Funds
EXPENDITURES					
Instructional Services:					
Regular Programs	2,263,938	18,362	-	-	2,282,300
Special Programs	692,164	-	834,331	-	1,526,495
Total Instructional Services	2,956,102	18,362	834,331	-	3,808,795
Support Services:					
Pupils	238,632	-	185,559	-	424,191
Instructional Staff	235,762	-	-	-	235,762
General Administration	290,641	-	30,454	-	321,095
School Administration	529,177	-	-	-	529,177
Business	1,175,230	165,308	30,454	-	1,370,992
Special Education	-	-	118,154	-	118,154
Total Support Services	2,469,442	165,308	364,621	-	2,999,371
Community Services:					
Custody and Care of Children	149,250	-	-	-	149,250
Cocurricular Activities:					
Combined Activities	211,475	39,830	-	-	251,305
Capital Outlay	-	401,459	-	637,279	1,038,738
Total Expenditures	5,786,269	624,959	1,198,952	637,279	8,247,459
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,352,516	(228,460)	(43,927)	(637,279)	442,850
OTHER FINANCING SOURCES (USES)					
Transfer In (Out)	(1,043,000)	115,000	-	825,000	(103,000)
NET CHANGE IN FUND BALANCES	309,516	(113,460)	(43,927)	187,721	339,850
FUND BALANCE - BEGINNING	7,417,445	271,854	106,169	(119,913)	7,675,555
FUND BALANCE - ENDING	$ 7,726,961	$ 158,394	$ 62,242	$ 67,808	$ 8,015,405

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	$	339,850
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset purchases exceeded depreciation expense in the current period.		609,200
The recognition of revenues in the governmental funds differs from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."		6,073
Governmental funds do not reflect the change in compensated absences, but the Statement of Activities reflects the change in these accruals through expenses.		(21,369)
Pension revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(150,368)
Change in Net Position of Governmental Activities	$	783,386

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Statement of Net Position - Proprietary Funds
June 30, 2025

	Food Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 6,004
Accounts Receivable	2,848
Due from Other Funds	66
Inventory	7,086
Total Current Assets	16,004
Noncurrent Assets:	
Net Pension Asset	210
Machinery and Equipment - Local Funds	142,098
Less: Accumulated Depreciation	(95,584)
Total Noncurrent Assets	46,724
Total Assets	62,728
DEFERRED OUTFLOWS OF RESOURCES	
Pension-related Deferred Outflows	40,791
LIABILITIES	
Current Liabilities:	
Payroll Deductions and Employer Matching Payable	1,948
DEFERRED INFLOWS OF RESOURCES	
Pension-related Deferred Inflows	26,387
NET POSITION	
Net Investment in Capital Assets	46,514
Proportionate Share of Net Pension Asset	14,614
Unrestricted	14,056
TOTAL NET POSITION	$ 75,184

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2025

	Food Service Fund
OPERATING REVENUE	
Sales to Adults	$ 14,154
OPERATING EXPENSES	
Salaries	166,343
Employee Benefits	33,994
Supplies	12,351
Cost of Sales - Purchased	153,428
Cost of Sales - Donated Food	35,330
Depreciation	6,074
Total Operating Expenses	407,520
OPERATING LOSS	(393,366)
NONOPERATING REVENUE	
State Sources:	
Cash Reimbursements	572
Federal Sources:	
Cash Reimbursements	254,911
Donated Food	22,930
Total Nonoperating Revenues	278,413
OTHER SOURCES	
Transfers In	103,000
CHANGE IN NET POSITION	(11,953)
NET POSITION - BEGINNING	87,137
NET POSITION - ENDING	$ 75,184

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2025

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	$ 876
Payments to Employees for Services	(195,734)
Payments to Suppliers	(153,348)
Net Cash Used by Operating Activities	(348,206)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Subsidies	346,083
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,123)
CASH AND CASH EQUIVALENTS - BEGINNING	8,127
CASH AND CASH EQUIVALENTS - ENDING	$ 6,004
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (393,366)
Adjustments to Reconcile Operating Loss to Net Cash by Operating Activities:	
Depreciation Expense	6,074
Cost of Sales - Donated Food	35,330
Change in Assets and Liabilities:	
Inventory	12,431
Accounts Receivable	(1,582)
Unearned Revenue	(11,696)
Pension Activity	4,569
Payroll Liabilities	34
NET CASH USED BY OPERATING ACIVITIES	$ (348,206)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Value of Commodities Received	$ 22,930

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Statement of Net Position - Fiduciary Funds
June 30, 2025

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 30,900
NET POSITION	
Restricted for Individuals	$ 30,900

The accompanying notes are an integral part of this statement.

Dupree School District No. 64-2
Statement of Changes in Net Position - Fiduciary Funds
June 30, 2025

	Custodial Funds
ADDITIONS	
Collections for Student Activities	$ 157,867
DEDUCTIONS	
Payments for Student Activities	149,116
CHANGE IN NET POSITION	8,751
NET POSITION - BEGINNING	22,149
NET POSITION - ENDING	$ 30,900

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The reporting entity of Dupree School District No. 64-2 (the District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The District is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a five-member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

The District participates in a cooperative service unit with several other school districts. See Note 10 - Joint Venture for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in the notes because of the nature of their relationship with the District.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall government, except for fiduciary funds. Eliminations have been made to minimize the double-counting of internal activities.

The statements distinguish between governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is a primary operating fund of the District or if it meets the following criteria:

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

The funds of the District are described below within their respective fund types:

Governmental Funds

General Fund - The General Fund is established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the District, excluding Capital Outlay Fund and Special Education Fund expenditures. Included in the General Fund is the Impact Aid Fund, a Fund established by SDCL 13-16-30 and 13-16-31 to account for the receipt of Federal Funds under the provisions of P.L. 103-382, Title VIII for basic support. No expenditures may be directly charged to the Impact Aid Fund. The General Fund is always a major fund.

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District's special revenue funds are as follows:

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

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

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The additional building project is the only capital project fund maintained by the District. This is a major fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

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

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

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

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

The District's only enterprise fund is as follows:

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.

Fiduciary Funds

Fiduciary funds are never considered to be major funds.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or will be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

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

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

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

D. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

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:

- 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, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

E. CASH AND CASH EQUIVALENTS

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

F. INVENTORY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In the government-wide financial statements and the enterprise funds, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed. In the fund financial statements, the purchase method is applied for inventory items in the General and Special Revenue Funds. The cost is recorded as an expenditure at the time the individual inventory items are purchased. No material inventory of supplies existed at June 30, 2025 in the governmental funds.

G. RESTRICTED ASSETS

The District reports restricted assets in the Statement of Net Position. The amounts reported as restricted for net pension assets represent the District's proportionate share of the Net Pension Asset of the South Dakota Retirement System.

H. CAPITAL ASSETS

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

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

Government-wide Financial Statements

All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. No donated assets are included in the fixed assets at this time. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The District has borrowed no money for the construction of fixed assets. Should the District borrow funds for the construction of fixed assets, interest costs incurred during the construction of general capital assets are not capitalized.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position

Capitalization thresholds (the dollar value above which individual asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide financial statements and proprietary funds are as follows:

	Capitalization Threshold	Estimated Useful Life
Land	$ All	----------
Buildings	50,000	30-50 yrs
Improvements	15,000	10-30 yrs
Equipment (governmental activities)	5,000	5-20 yrs
Equipment (proprietary funds)	2,000	5-20 yrs
Intangible Lease Assets	5,000	5-20 yrs
Intangible Subscription Assets	5,000	5-20 yrs

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation/amortization expense is calculated using the straight-line and composite methods. 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 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 financial statements.

I. LONG-TERM LIABILITIES

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

Government-wide Financial Statements

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

Fund Financial Statements

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

Compensated Absences - Accrued leave payable is accounted for using the methods described below related to long-term liabilities. Leave is earned at varying rates based on the staff level of certified and support staff. Upon termination, employees are entitled to receive compensation for their accrued leave. Certified employees are paid out the full remainder of their balance upon termination at the negotiated rate. Support staff will be paid out after ten continuous years of service to the District a max of 45 days at a rate of $60 per day. Accrued leave payable balances, which require an accrual in the financial statements, are reported in Note 5 as compensated absences.

J. LEASES

Lessee

The District may be a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the governmental-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more. The District had no leases recorded as of June 30, 2025.

At the commencement of a lease, the 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgments related to leases include how the 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 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 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 District is reasonably certain to exercise.

The 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.

Lessor

The District may be a lessor for noncancellable lease of property, though as of June 30, 2025, the District was not a lessor. The District recognizes a lease receivable and deferred inflow of resources in the government-wide and governmental funds fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lease.

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

K. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District may enter into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. As of June 30, 2025, the District had no SBITAs. The District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of $5,000 or more.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the commencement of a subscription, the 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 the 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 the subscription include how the 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 District will use the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the 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 District is reasonably certain to exercise.

The 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.

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees, as discussed in Note 9.

The District's financial statements report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected within the available period and property taxes collected within the available period that are intended to finance the next fiscal year. In the government-wide financial statements, the District reports deferred inflows of resources for the property taxes that are levied for future periods and amounts related to pension-related activities. The District reports deferred inflows of resources in the proprietary fund statements for pension-related activities in the current year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. NET POSITION AND FUND BALANCE

Government-wide Financial Statements

It is the District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. Net Position includes the following three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and is reduced by the outstanding balances of capital outlay certificates or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted Net Position - Represents all other net positions that do not meet the definition of "restricted" or "invested in capital assets."

Fund Financial Statements

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

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

Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

Restricted - Includes fund balance amounts that are constrained for specific purposes that are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are not considered restricted. 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 District uses restricted amounts first when both the restricted and the unrestricted fund balances are available unless a legal document, such as a contract or a grant agreement requiring dollar-for-dollar spending, prohibits it. Additionally, the District would use assigned amounts before unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a minimum fund balance policy.

N. PROPRIETARY FUND REVENUE AND EXPENSE CLASSIFICATIONS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. PROGRAM REVENUES

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

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

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

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

P. PENSIONS

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

NOTE 2 - DEPOSITS, INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK, AND INTERNET RISK RATE RISK

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

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

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

NOTE 2 - DEPOSITS, INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK, AND INTERNET RISK RATE RISK (CONTINUED)

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

Investment	Credit Rating	Maturities	Fair Value
External Investment Pools:			
South Dakota Public Investment Trust	Unrated	N/A	$ 6,702,869

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

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

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, the District's deposits in financial institutions were not exposed to credit risk, as all deposits were fully collateralized by pledged securities.

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

Concentration of Credit Risk - The District places no limit on the amount that may be deposited with any one financial institution or invested with any one issuer. 100% of the District's investments are in the South Dakota Public Fund Investment Trust.

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The District's policy is to credit all income from deposits and investments to the General Fund. U.S. GAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has the discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while on the government-wide financial statements, they have been eliminated, except for net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

NOTE 3 - INTERFUND TRANSACTIONS AND BALANCES

As of June 30, 2025, interfund receivable and payable balances were:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ -	$ 227
Special Education Fund	161	-
Enterprise Fund	66	-
	$ 227	$ 227

NOTE 4 - CHANGES IN CAPITAL ASSETS

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

	Balance June 30, 2024	Increase	Decrease	Balance June 30, 2025
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	$ 62,858	$ -	$ -	$ 62,858
Construction in Progress	10,750,368	637,281	366,466	11,021,183
Total Capital Assets Not Being Depreciated	10,813,226	637,281	366,466	11,084,041
Capital Assets Being Depreciated:				
Buildings	8,309,694	366,466	-	8,676,160
Improvements	308,992	-	-	308,992
Equipment	2,517,799	401,459	-	2,919,258
Total Capital Assets Being Depreciated	11,136,485	767,925	-	11,904,410
Less Accumulated Depreciation for:				
Equipment	1,984,091	296,643	-	2,280,734
Buildings	3,301,360	132,895	-	3,434,255
Total Accumulated Depreciation	5,285,451	429,538	-	5,714,989
Total Capital Assets Being Depreciated, Net	5,851,034	338,387	-	6,189,421
Net Capital Assets	$ 16,664,260	$ 975,668	$ 366,466	$ 17,273,462
Business-type Activities:				
Equipment	$ 142,098	$ -	$ -	$ 142,098
Less: Accumulated Depreciation	89,510	6,074	-	95,584
Net Capital Assets	$ 52,588	$ (6,074)	$ -	$ 46,514

The total represented in the Construction in Progress balance is for the school building addition. This project is expected to be completed in December 2025, with a total estimated cost of $11,046,529, and an estimated cost to finish of $25,000.

NOTE 4 - CHANGES IN CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 103,608
Support Services	165,050
Cocurricular Activities	160,880
	$ 429,538

All depreciation expense related to the business-type activities was for the Food Service Fund.

NOTE 5 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

	Balance June 30, 2024	Increase	Decrease	Balance June 30, 2025	Amounts Due Within 1 Year
Governmental Activities:					
Compensated Absences	$ 173,223	$ 186,724	$ (165,355)	$ 194,592	$ 54,960

Compensated absences liability includes the amount owed by the District to employees for their accrued leave balances, including the District's share of payroll deductions.

NOTE 6 - RESTRICTED NET POSITION

The following table shows the components of restricted net position as presented in the Statement of Net Position for the year ended June 30, 2025:

Purpose	Restricted By	
Governmental Activities:		
Capital Outlay	Law	$ 169,407
Capital Project	Law	67,808
Special Education	Law	67,372
Proportionate Share of Net Pension	Law	388,091
		$ 692,678
Business-type Activities:		
Proportionate Share of Net Pension	Law	$ 14,614

NOTE 7 - PROPERTY TAX

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

District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable, which is not intended to be used to finance the current year's appropriations and, therefore, is not susceptible to accrual, has been reported as deferred inflow of resources - property tax levied for a future period 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." State statute allows the General Fund tax rates to be increased by special election of the voters.

NOTE 8 - INTERFUND TRANSFERS

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

	Transfers To:			
Transfers From:	Capital Outlay Fund	Capital Project Fund	Food Service Fund	Total
General Fund	$ 115,000	$ 825,000	$ 103,000	$ 1,043,000

Transfers of federal monies from the Impact Aid Fund, which is blended in the General Fund, to other funds are permissible under SDCL 13-16-26.2.

NOTE 9 - PENSION PLAN

Plan Information

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit plan designated 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 survivors' benefits. Authority for establishing, administering, and amending plan provisions is 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 different classes of employees: Class A general members, Class B Public Safety and Judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members who were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation judicial 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 retirement benefits 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% joint survivor benefit when the member dies.

NOTE 9 - PENSION PLAN (CONTINUED)

Members who were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60% joint and survivor benefit, or a 100% 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% 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 the long-term inflation assumption of 2.25%
- If the fair value of assets is greater than 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, if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater than or equal to the accrued liabilities.

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

All benefits except those depending on the member's accumulated contributions are annually increased by the cost-of-living adjustment.

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The District's share of contributions to the SDRS for the fiscal years ended June 30, 2025, 2024, and 2023 was $249,652, $240,607, and $232,023, respectively, equal to the required contributions each year.

NOTE 9 - PENSION PLAN (CONTINUED)

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

At June 30, 2024, SDRS is 100.03% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension liability (asset) of the South Dakota Retirement System, for the District as of the measurement period ending June 30, 2024 and reported by the District as of June 30, 2025 are as follows:

Proportionate Share of Pension Liability	$ 21,323,865
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	21,329,651
Proportionate Share of Net Pension Liability (Asset)	$ (5,786)

At June 30, 2025, the District reported a liability (asset) of ($5,786) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the District's proportion was 0.14293800%, which is a decrease of 0.0069850% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense (reduction of pension expense) of $154,936. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 535,796	$ -
Changes in Assumption	95,396	727,161
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	217,947	-
Changes in Proportion and Difference Between District Contributions and Proportionare Share of Contributions	25,289	-
District Contributions Subsequent to the Measurement Date	249,652	-
	$ 1,124,080	$ 727,161

NOTE 9 - PENSION PLAN (CONTINUED)

$249,652 reported as deferred outflows of resources related to pensions resulting from 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	$ (192,257)
2027	287,914
2028	33,301
2029	18,309
2030	-
Thereafter	-
	$ 147,267

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 investment rate of 2.50% and real returns of 4.00%
Future COLA's	1.71%

Mortality Rates

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

Active and Terminated Vested Members:

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

Retired Members:

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

Beneficiaries:

- PubG-2010 contingent survivor mortality table

NOTE 9 - PENSION PLAN (CONTINUED)

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 the 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	Taget Allocation	Long-term Expected Real Rate of Return
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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).

NOTE 9 - PENSION PLAN (CONTINUED)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability (Asset)	$ 2,940,180	$ (5,786)	$ (2,416,504)

Pension Plan Fiduciary Net Position

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

NOTE 10 - JOINT VENTURE

The District participates in the joint venture known as the Northwest Area Schools Multi-District/Educational Cooperative, a cooperative service unit (the Co-op), formed for the purpose of providing vocational education and special education, administering the adult education program, and providing other educational services to the member school districts.

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

Bison School District	12.5%
Dupree School District	12.5%
Faith School District	12.5%
Harding County School District	12.5%
McIntosh School District	12.5%
McLaughlin School District	12.5%
Smee School District	12.5%
Timber Lake School District	12.5%

The Co-op's governing board is comprised of one representative, a School Board member, from each member school district. The board is responsible for adopting the Co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The 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 Northwest Area Schools Multi-Educational Cooperative. At June 30, 2025, this joint venture had audited total assets of $2,068,240, liabilities of $386,980, and equity of $1,681,260.

NOTE 11 - CONCENTRATIONS

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

NOTE 12 - RISK MANAGEMENT

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

Employee Health Insurance

The District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes an unlimited lifetime maximum payment per person. The District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance

The District joined the Associated School Boards of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk-sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and to provide them with risk management services, loss control, and risk reduction information and to obtain lower costs for that coverage. The District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident that could result in a claim being made by or against the District. The District pays an annual premium to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage. The District pays an annual premium to the pool to provide coverage for property, general liability, crime, cyber liability, and auto.

The agreement with the ASBSD-PLF provides that the above coverage will be provided to a $300,000,000 limit for property, boiler, and machinery; a $5,000,000 limit for comprehensive general liability per occurrence with unlimited general liability aggregate, a $5,000,000 limit for auto liability; a $1,000,0000 limit for crime; and a $1,000,000 limit for worker's compensation. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of $100,000 to the upper limit for general liability, and excess of $10,000 to the upper limit for crime and cyber liability. The District carries a $5,000 deductible for the property, a $1,000 deductible for equipment breakdown, a $5,000 deductible for auto, and a $20,000 deductible for wind and hail damage.

The ASBSD-PLF provides coverage for the School Board's legal authority with a limit per member of $5,000,000 per occurrence and a $10,000 member deductible.

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

NOTE 12 - RISK MANAGEMENT (CONTINUED)

Worker's Compensation

The 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 provides workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of workers' compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The District pays an annual premium to provide worker's compensation coverage for its employees under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The 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 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 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 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 District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

NOTE 13 - ASSIGNED FEDERAL IDEA PART B, SECTIONS 611 AND 619 GRANTS

The District for 2025 assigned its Federal IDEA, Part B, Sections 611 and 619 formula grant funding in the amount of $126,395 to the Northwest Area Schools Multi-District/Education Cooperative. The Cooperative submitted a group application and served as the project's fiscal agent. The revenue and expenditures for these grants in the amount of $126,395 are not reported on the District's financial statements or the Schedule of Expenditures of Federal Awards.

NOTE 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

Dupree School District No. 64-2
Budgetary Comparison Schedule - General Fund - Budgetary Basis
For the Year Ended June 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	$ 333,023	$ 333,023	$ 347,958	$ 14,935
Gross Receipts Taxes	30,000	30,000	30,019	19
Penalties and Interest on Taxes	-	-	2,769	2,769
Cocurricular Activities	10,000	10,000	10,353	353
Earnings on Investments and Deposits	75,000	75,000	308,072	233,072
Other Local Revenue	23,500	23,500	57,486	33,986
Total Revenue from Local Sources	471,523	471,523	756,657	285,134
Revenue from Intermediate Sources:				
County Apportionment	1,000	1,000	876	(124)
Revenue from State Sources:				
Unrestricted Grants-in-aid	2,659,626	2,659,626	2,665,217	5,591
Revenue from Federal Sources:				
Unrestricted Grants-in-aid	14,500	14,500	2,612,139	2,597,639
Restricted Grants-in-aid	993,481	1,117,366	1,103,896	(13,470)
Total Revenue from Federal Sources	1,007,981	1,131,866	3,716,035	2,584,169
Total Revenue	4,140,130	4,264,015	7,138,785	2,874,770

See independent auditor's report and notes to the required supplementary information.

Dupree School District No. 64-2
Budgetary Comparison Schedule - General Fund - Budgetary Basis (Continued)
For the Year Ended June 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES				
Instructional Services:				
Regular Programs	2,425,851	2,467,687	2,263,938	203,749
Special Programs	703,867	703,867	692,164	11,703
Total Instructional Services	3,129,718	3,171,554	2,956,102	215,452
Support Services:				
Pupils	264,967	313,225	238,632	74,593
Instructional Staff	235,156	266,497	235,762	30,735
General Administration	431,869	431,869	290,641	141,228
School Administration	551,790	551,790	529,177	22,613
Business	1,401,833	1,404,283	1,175,230	229,053
Total Support Services	2,885,615	2,967,664	2,469,442	498,222
Cocurricular Activities:				
Combined Activities	260,759	260,759	211,475	49,284
Community Services:				
Custody and Care of Children	166,620	166,620	149,250	17,370
Total Expenditures	6,442,712	6,566,597	5,786,269	780,328
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,302,582)	(2,302,582)	1,352,516	3,655,098
OTHER FINANCING SOURCES (USES)				
Transfer In (Out)	2,152,582	2,152,582	(1,043,000)	(3,195,582)
Contingencies	(150,000)	(150,000)	-	150,000
Net Other Financing Sources (Uses)	2,002,582	2,002,582	(1,043,000)	(3,045,582)
NET CHANGE IN FUND BALANCE	(300,000)	(300,000)	309,516	609,516
FUND BALANCE - BEGINNING	7,417,445	7,417,445	7,417,445	-
FUND BALANCE - ENDING	$ 7,117,445	$ 7,117,445	$ 7,726,961	$ 609,516

See independent auditor's report and notes to the required supplementary information.

Dupree School District No. 64-2
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis
For the Year Ended June 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	$ 350,000	$ 350,000	$ 348,356	$ (1,644)
Penalties and Interest on Taxes	-	-	2,140	2,140
Total Revenue from Local Sources	350,000	350,000	350,496	496
Revenue from Federal Sources:				
Unrestricted Grants-in-aid	-	-	43,150	43,150
Restricted Grants-in-aid	-	2,853	2,853	-
Total Revenue from Federal Sources	-	2,853	46,003	43,150
Total Revenue	350,000	352,853	396,499	43,646
EXPENDITURES				
Instructional Services:				
Regular Programs	228,000	230,853	33,836	197,017
Support Services:				
Business	628,500	815,200	545,148	270,052
Cocurricular Activities:				
Combined Activities	57,500	57,500	45,975	11,525
Total Expenditures	914,000	1,103,553	624,959	478,594
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(564,000)	(750,700)	(228,460)	522,240
OTHER FINANCING SOURCES				
Transfer In	414,000	600,700	115,000	(485,700)
NET CHANGE IN FUND BALANCE	(150,000)	(150,000)	(113,460)	36,540
FUND BALANCE - BEGINNING	271,854	271,854	271,854	-
FUND BALANCE - ENDING	$ 121,854	$ 121,854	$ 158,394	$ 36,540

See independent auditor's report and notes to the required supplementary information.

Dupree School District No. 64-2
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis
For the Year Ended June 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	$ 314,318	$ 314,318	$ 367,611	$ 53,293
Penalties and Interest on Taxes	-	-	2,273	2,273
Other Local Revenue	5,000	5,000	9,585	4,585
Total Revenue from Local Sources	319,318	319,318	379,469	60,151
Revenue from State Sources:				
Unrestricted Grants-in-aid	541,280	541,280	-	(541,280)
Restricted Grants-in-aid	598,666	598,666	678,276	79,610
Total Revenue from State Sources	1,139,946	1,139,946	678,276	(461,670)
Revenue from Federal Sources:				
Unrestricted Grants-in-aid	85,000	85,000	97,280	12,280
Total Revenue	1,544,264	1,544,264	1,155,025	(389,239)
EXPENDITURES				
Instructional Services:				
Special Programs	1,057,615	1,057,615	834,331	223,284
Support Services:				
Pupils	285,000	285,000	185,559	99,441
General Administration	41,050	41,050	30,454	10,596
Business	41,050	41,050	30,454	10,596
Special Education	119,549	119,549	118,154	1,395
Total Support Services	486,649	486,649	364,621	122,028
Total Expenditures	1,544,264	1,544,264	1,198,952	345,312
NET CHANGE IN FUND BALANCE	-	-	(43,927)	(43,927)
FUND BALANCE - BEGINNING	106,169	106,169	106,169	-
FUND BALANCE - ENDING	$ 106,169	$ 106,169	$ 62,242	$ (43,927)

See independent auditor's report and notes to the required supplementary information.

Dupree School District No. 64-2
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)
South Dakota Retirement System

Year Ending	District's Proportion of Net Pension Liability/Asset	District's Proportionate Share of Net Pension Liability (Asset) (a)	District's Covered Payroll (b)	District's Proportionate Share of Net Pension Liability/Asset as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of its Total Pension Liability/Asset
2025	0.1429380%	$ (5,786)	$ 4,010,117	0.14%	100.03%
2024	0.1499230%	$ (14,633)	$ 3,867,039	0.38%	100.07%
2023	0.1588290%	$ (15,010)	$ 3,792,561	0.40%	100.10%
2022	0.1640280%	$ (1,256,174)	$ 3,722,326	33.75%	105.52%
2021	0.1602508%	$ (6,960)	$ 3,517,019	0.20%	100.04%
2020	0.1553018%	$ (16,447)	$ 3,301,961	0.50%	100.09%
2019	0.1527455%	$ (3,552)	$ 3,175,437	0.11%	100.02%
2018	0.1509306%	$ (13,687)	$ 3,066,596	0.45%	100.10%
2017	0.1430050%	$ 483,067	$ 2,719,242	17.76%	96.89%
2016	0.1374301%	$ (582,871)	$ 2,509,091	23.23%	104.10%

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

See independent auditor's report and notes to the required supplementary information.

Dupree School District No. 64-2
Schedule of Pension Contributions
South Dakota Retirement System

Year	Contractually-required Contribution (a)	Contributions in Relation to the Contractually-required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2025	$ 249,652	$ 249,652	$ -	$ 4,160,859	6.00%
2024	$ 240,607	$ 240,607	$ -	$ 4,010,117	6.00%
2023	$ 232,023	$ 232,023	$ -	$ 3,867,039	6.00%
2022	$ 227,554	$ 227,554	$ -	$ 3,792,561	6.00%
2021	$ 223,340	$ 223,340	$ -	$ 3,722,326	6.00%
2020	$ 211,021	$ 211,021	$ -	$ 3,517,019	6.00%
2019	$ 198,122	$ 198,122	$ -	$ 3,301,961	6.00%
2018	$ 190,526	$ 190,526	$ -	$ 3,175,437	6.00%
2017	$ 183,995	$ 183,995	$ -	$ 3,066,596	6.00%
2016	$ 163,154	$ 163,154	$ -	$ 2,719,242	6.00%

See independent auditor’s report and notes to the required supplementary information.

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

NOTE 3 - PENSION PLAN

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 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 an 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.

SINGLE AUDIT INFORMATION

CASEY • PETERSON
CPAs & FINANCIAL ADVISORS

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
Dupree School District No. 64-2
Dupree, South Dakota

We have audited, in accordance with the 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 Dupree School District No. 64-2 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 26, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District'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.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota
January 26, 2026

CASEY • PETERSON
CPAs & FINANCIAL ADVISORS

Independent Auditor's Report on Compliance for
Each Major Federal Program and Report on Internal Control
over Compliance in Accordance with the Uniform Guidance

School Board
Dupree School District No. 64-2
Dupree, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dupree School District No. 64-2's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other 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.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota
January 26, 2026

Dupree School District No. 64-2
Schedule of Findings and Questioned Costs
June 30, 2025

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

a. The Independent Auditor's Report expressed unmodified opinions on the financial statements of Dupree School District No. 64-2.

b. No internal control matters were reported in The 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*.

c. No instances of noncompliance material to the financial statements of the District that would be required to be reported in accordance with *Governmental Auditing Standards* were noted during the audit.

d. The Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance for the District expressed an unmodified opinion on all major programs.

e. No internal control issues related to major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.

f. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.

g. The federal awards tested as major programs were:

- *Child Nutrition Cluster:*

  AL #10.555 National School Lunch Program (Commodities)
  AL #10.555 National School Lunch Program (Cash)
  AL #10.553 School Breakfast Program
  AL #10.582 Fresh Fruit and Vegetable Program

- AL #84.010 Title I Grants to Local Education Agencies

h. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.

i. Dupree School District No. 64-2 qualified as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings were noted.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings were noted.

Dupree School District 64-2
127 B Street P.O. Box 10
Dupree, SD 57623
Phone (605) 365-5140 FAX (605) 365-5514

Mandi Smith, President
Kody Woodward, Vice President
Jenny Farlee, Member
Jesse (Jake) Longbrake, Member
Medina Matonis, Member
Brent Mareska, Superintendent

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENTS AUDIT

No findings were noted.

MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings were noted.

Dupree School District No. 64-2
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Assistance Listing Numbers	Direct Award	Major Program	Cluster/Program Name	Pass-through Entity	Pass-through ID	Amount
			Child Nutrition Cluster:			
			U.S. Department of Agriculture			
			Non-Cash Assistance (Commodities):			
10 . 555	N	Y	National School Lunch Program (Note 4)	South Dakota Department of Education	2025G-CANS64002	$ 22,930
			Cash Assistance:			
10 . 553	N	Y	School Breakfast Program (Note 4)	South Dakota Department of Education	2025G-FFVP64002	66,325
10 . 555	N	Y	National School Lunch Program (Note 4)	South Dakota Department of Education	2025G-FFVP64002	176,890
10 . 555	N	Y	National School Lunch Program (Note 4)	South Dakota Department of Education	2025G-FFVP64002	11,696
10 . 582	N	Y	Fresh Fruit and Vegetable Program (Note 4)	South Dakota Department of Education	2025G-FFVP64002	15,218
			Total Child Nutrition Cluster			293,059
			Total U.S. Department of Agriculture			293,059
			477 Cluster:			
			U.S. Department of Interior			
15 . 130	N	N	Indian Education Assistance to Schools	South Dakota Department of Education	NA	12,027
			Total U.S. Department of Interior			12,027

See independent auditor's report.

Dupree School District No. 64-2
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2025

Assistance Listing Numbers	Direct Award	Major Program	Cluster/Program Name	Pass-through Entity	Pass-through ID	Amount
			U.S. Department of Education			
84 . 041	Y	N	Impact Aid (Title VII of ESEA)	NA	NA	$ 2,583,430
84 . 060	Y	N	Indian Education - Grants to Local Education Agencies	NA	NA	79,971
84 . 010	N	Y	Title I Grants to Local Educational Agencies	South Dakota Department of Education	2025G-GMS-64002	626,184
84 . 287	N	N	Twenty-First Century Community Learning Centers	South Dakota Department of Education	2025G-GMS-64002	158,361
84 . 358	N	N	Rural Education	South Dakota Department of Education	2025G-GMS-64002	7,188
84 . 367	N	N	Supporting Effective Instruction State Grant	South Dakota Department of Education	2025G-GMS-64002	88,827
84 . 424A	N	N	Student Support and Academic Enrichment Program	South Dakota Department of Education	2025G-GMS-64002	97,014
84 . 425U	N	N	American Rescue Plan-Elementary and Secondary School Emergency Relief	South Dakota Department of Education	2021G-ARP64002	33,986
			Total U.S. Department of Education			3,674,961
			Total Federal Financial Assistance			$ 3,980,047

NOTE 1: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations,* Part 200*, Uniform Requirements, Cost Principles and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.

NOTE 2: The District has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: The District has no amounts passed through to subrecipients.

NOTE 4: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash or commodities received rather than federal expenditures.

See independent auditor's report.

OTHER INFORMATION

Dupree School District No. 64-2
School District Officials
June 30, 2025

BOARD MEMBERS

President - Mandi Smith
Vice President - Kody Woodward
Jenny Farlee
Jesse Longbrake
Medina Matonis

SUPERINTENDENT

Brent Mareska

BUSINESS MANAGER

Connie Alspach

See independent auditor's report.