THIS INVITATION WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME ON AUGUST 10, 2026 UNLESS EARLIER TERMINATED OR EXTENDED

INVITATION TO TENDER BONDS MADE BY SIOUX FALLS SCHOOL DISTRICT 49-5 MINNEHAHA AND LINCOLN COUNTIES, SOUTH DAKOTA

to the Holders described herein of
all or any portion of the maturities listed on page (i) herein of

Sioux Falls School District 49-5
Minnehaha and Lincoln Counties, South Dakota
General Obligation Refunding Bonds
Taxable Series 2021

This Invitation to Tender Bonds, dated July 24, 2026 (as it may be amended or supplemented, this "**Invitation**") describes an invitation by Sioux Falls School District 49-5, Minnehaha and Lincoln Counties, South Dakota (the "**District**"), with the assistance of D.A. Davidson & Co., as dealer manager (the "**Dealer Manager**") to the beneficial owners (the "**Bondowners**") of the District's outstanding General Obligation Refunding Bonds, Taxable Series 2021 (the "**Target Bonds**") maturing on the dates set forth in the table on page (i) of this Invitation to offer to sell to the District such Target Bonds for cash at an offer price to be determined based on the applicable fixed spread (each, a "**Fixed Spread**") to be added to the yield on the relevant benchmark United States Treasury Security (the "**Benchmark Treasury Security**") plus accrued interest on the Target Bonds tendered for purchase to but not including the Settlement Date (as hereinafter defined). On or about August 3, 2026, the District will publish the Pricing Notice in the form attached hereto as Appendix B, which will either confirm or amend the "Indicative Fixed Spread" as listed in page (i) of this Invitation for each CUSIP of the respective Target Bonds.

The purchase of any Target Bonds pursuant to this Invitation is contingent on the issuance by the District of its General Obligation Refunding Bonds, Series 2026 (the "**Series 2026 Bonds**") described in the Preliminary Official Statement dated July 24, 2026 and attached hereto as Appendix A (the "**Series 2026 Bonds POS**"). Such purchase is also subject to the terms of this Invitation and certain other conditions as described herein. Capitalized terms used and not defined in the body of this Invitation shall have the meanings ascribed to such terms in the Series 2026 Bonds POS.

This Invitation is part of a plan by the District to pay and cancel a portion of the District's outstanding indebtedness, as described in the Series 2026 Bonds POS. The District intends to purchase up to $120,065,000 in principal amount of Target Bonds, pursuant to this Invitation. However, depending upon the results of this Invitation and other factors the District in its sole discretion may purchase a lesser principal amount of Target Bonds. The District shall be under no obligation to accept any Target Bonds tendered for purchase pursuant to this Invitation. The District in its sole discretion will select which, if any, Target Bonds to purchase of a particular CUSIP. Bondowners of Target Bonds who do not accept this Invitation and Bondowners of Target Bonds whose offers are rejected by the District will continue to hold their interest in such Target Bonds.

The District has instructed the Dealer Manager, which is expected to act as underwriter of the Series 2026 Bonds, that any holder of Target Bonds (including the Dealer Manager or any related account thereof) who tenders Target Bonds pursuant to this Invitation and who submits an order to purchase any Series 2026 Bonds will receive priority, subject to certain limitations, to such order of the Series 2026 Bonds, up to the principal amount of the Target Bonds that such holder tenders and the District accepts, over other orders for the Series 2026 Bonds. The District retains the discretion to alter its instructions. To make an informed decision as to whether, and how, to offer Target Bonds for purchase pursuant to this Invitation, Bondowners must read this Invitation carefully, including the appendices hereto, and consult their broker, account executive, financial advisor, attorney or other professionals. **This Invitation and the appendices hereto shall constitute an invitation to Bondowners to offer to tender their Target Bonds for purchase.**

Key Dates and Times

All of these dates and times are subject to change. All times are New York City time.
Notices of changes will be sent in the manner provided for in this Invitation.

Launch Date	**July 24, 2026**
Pricing Notice	**August 3, 2026**
Expiration Date	**August 10, 2026 at 5:00 p.m.**
Determination of Target Bonds Purchase Price	**10:00 a.m. on August 11, 2026**
Notice of Target Bonds Purchase Price	**Approximately 5:00 p.m. on August 11, 2026**
Acceptance Date	**August 13, 2026**
Settlement Date	**August 20, 2026**

4901-8729-3876.1

The Information Agent and Tender Agent for this Invitation is

GLOBIC ADVISORS
Attention: Robert Stevens
(212) 227-9699, rstevens@globic.com
Document Website: www.globic.com/siouxfalls

The Dealer Manager for this Invitation is

D.A. DAVIDSON & CO.
Attention: Paul Grieger
(402) 392-7986, pgrieger@dadco.com

Any Bondowner wishing to offer Target Bonds for purchase pursuant to this Invitation should follow the procedures more fully described herein. Bondowners and their brokers and account executives with questions about this Invitation should contact the Dealer Manager or the Information Agent.

The date of this Invitation to Tender Bonds is July 24, 2026.

TARGET BONDS SUBJECT TO INVITATION TO TENDER FOR CASH

Sioux Falls School District 49-5
Minnehaha and Lincoln Counties, South Dakota
General Obligation Refunding Bonds
Taxable Series 2021

CUSIP (Base No. 829596)	Maturity Date (August 1)	Interest Rate	Outstanding Principal Amount	Benchmark Treasury Security[(1)]	Indicative Fixed Spreads[(1)]
XK6	2027	1.326	8,190,000	4.125% UST maturing 6/30/2028 CUSIP: 91282CQY0	0 bps
XL4	2028	1.516	8,310,000	4.125% UST maturing 6/30/2028 CUSIP: 91282CQY0	0 bps
XM2	2029	1.722	8,445,000	4.125% UST maturing 7/15/2029 CUSIP: 91282CQZ7	0 bps
XN0	2030	1.902	8,600,000	4.125% UST maturing 6/30/2031 CUSIP: 91282CQX2	0 bps
XP5	2031	1.982	8,765,000	4.125% UST maturing 6/30/2031 CUSIP: 91282CQX2	0 bps
XQ3	2032	2.062	8,945,000	4.250% UST maturing 6/30/2033 CUSIP: 91282CQW4	0 bps
XR1	2033	2.172	9,135,000	4.250% UST maturing 6/30/2033 CUSIP: 91282CQW4	0 bps
XS9	2034	2.292	9,345,000	4.375% UST maturing 5/15/2036 CUSIP: 91282CQQ7	0 bps
XT7	2035	2.392	9,565,000	4.375% UST maturing 5/15/2036 CUSIP: 91282CQQ7	0 bps
XU4	2036	2.492	9,800,000	4.375% UST maturing 5/15/2036 CUSIP: 91282CQQ7	0 bps
XV2	2037	2.572	10,055,000	4.375% UST maturing 5/15/2036 CUSIP: 91282CQQ7	0 bps
XW0	2038	2.622	10,315,000	4.375% UST maturing 5/15/2036 CUSIP: 91282CQQ7	9 bps
XX8	2039	2.672	10,595,000	4.375% UST maturing 5/15/2036 CUSIP: 91282CQQ7	18 bps

1 Indicative Fixed Spreads and Benchmark Treasury Securities are preliminary and subject to change. Actual Fixed Spread and related Benchmark Treasury Security for each CUSIP will appear in the Pricing Notice.

4901-8729-3876.1

IMPORTANT INFORMATION

This Invitation and other information with respect to this Invitation are available from the Dealer Manager and the Information Agent at www.globic.com/siouxfalls. Bondowners wishing to offer their Target Bonds for purchase pursuant to this Invitation should follow the procedures more fully described herein. The District reserves the right to cancel or modify this Invitation at any time on or prior to the Expiration Date and reserves the right to make a future invitation to offer Target Bonds at prices different than the offer purchase prices described herein in its sole discretion. The District will have no obligation to purchase Target Bonds offered pursuant to this Invitation. The District further reserves the right to waive any irregularities or defects in any offer received.

The District also reserves the right in the future to refund any remaining portion of outstanding Target Bonds through the issuance of bonds. The Target Bonds maturing on and after August 1, 2032 are subject to redemption in whole or in part, at the option of the District on any date on or after August 1, 2031, at a redemption price equal to 100% of the principal amount of the Target Bonds, or portions thereof to be redeemed plus accrued but unpaid interest to the date fixed for redemption.

This Invitation is not being made to, and Target Bonds offered for purchase in response to this Invitation will not be accepted from or on behalf of, Bondowners in any jurisdiction in which this Invitation, the making of offers to sell Target Bonds or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require this Invitation to be made through a licensed or registered broker or dealer, this Invitation is being made on behalf of the District by the Dealer Manager.

The District is not recommending to any Bondowner whether to offer their Target Bonds for purchase in connection with this Invitation. Each Bondowner must make these decisions and should read this Invitation, including the Series 2026 Bonds POS attached as Appendix A and the Pricing Notice in the form attached hereto as Appendix B, in their entirety and consult with their broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Invitation, including the appendices hereto; and, if given or made, such information or representation may not be relied upon as having been authorized by the District.

The delivery of this Invitation shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the District since the date hereof.

This Invitation contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Invitation and other materials referred to or incorporated herein, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

TABLE OF CONTENTS

Page

INVITATION TO TENDER BONDS
made by
SIOUX FALLS SCHOOL DISTRICT 45-6
MINNEHAHA AND LINCOLN COUNTIES, SOUTH DAKOTA

1. Introduction. This Invitation to Tender Bonds, dated July 24, 2026 (as it may be amended or supplemented, this "**Invitation**") describes an invitation by Sioux Falls School District 45-6, Minnehaha and Lincoln Counties, South Dakota (the "**District**"), with the assistance of D.A. Davidson & Co., as dealer manager (the "**Dealer Manager**"), to the beneficial owners (the "**Bondowners**") of the District's outstanding General Obligation Refunding Bonds, Taxable Series 2021 (the "**Target Bonds**"), maturing on the dates set forth in the table on page (i) above of this Invitation to offer to sell to the District such Target Bonds for cash at an offer price to be determined based on the applicable fixed spread (each, a "**Fixed Spread**") to be added to the yield on the relevant benchmark United States Treasury Security (the "**Benchmark Treasury Security**") plus accrued interest on the Target Bonds tendered for purchase to but not including the Settlement Date (as hereinafter defined). On or about August 3, 2026, the District will publish the Pricing Notice in the form attached hereto as Appendix B, which will either confirm or amend the "Indicative Fixed Spread" as listed in page (i) of this Invitation for each CUSIP of the respective Target Bonds.

The District authorized the issuance of the Target Bonds pursuant to a resolution adopted by its Board of Education (the "**Board**") on September 28, 2020 (the "**Target Bonds Authorizing Resolution**"). The Board authorized the tender of the Target Bonds pursuant to a resolution duly adopted on May 11, 2026. This Invitation is part of a plan by the District to refinance some or all of the outstanding Target Bonds, as described in the Preliminary Official Statement dated July 24, 2026 and attached hereto as Appendix A (the "**Series 2026 Bonds POS**"). **Only the Target Bonds identified in the table above – and no other bonds or indebtedness of the District – are subject to this Invitation.** For additional information concerning the District, its plan of refunding and its outstanding indebtedness, see the Series 2026 Bonds POS attached hereto as Appendix A.

Pursuant to this Invitation, each Bondowner may offer to tender to the District for purchase any or all Target Bonds, in a denomination of $5,000 principal amount (the "**Minimum Authorized Denomination**") or any integral multiple thereof, with respect to which the Bondowner has a beneficial ownership interest. The applicable Fixed Spread for each CUSIP of the Target Bonds at which such Target Bonds may be tendered by a Bondowner for purchase pursuant to this Invitation will be set forth in the Pricing Notice. The applicable purchase price for each CUSIP of the Target Bonds (each an "**Offer Purchase Price**") will be determined as further described below in Section 2: "Information to Bondowners – *Tender Consideration*" herein.

The purchase of any Target Bonds pursuant to this Invitation is contingent on the issuance by the District of its General Obligation Refunding Bonds, Series 2026 (the "**Series 2026 Bonds**"), and is also subject to the terms of this Invitation and certain other conditions as described herein. See Section 13: "Conditions to Purchase" for additional information regarding certain of such conditions. The source of funds to purchase the Target Bonds validly tendered for purchase pursuant to this Invitation at the respective Offer Purchase Prices is anticipated to be proceeds of the Series 2026 Bonds to be issued on the Settlement Date (defined below). The payment of accrued interest on Target Bonds validly tendered for purchase is expected to be made from funds held by the District.

Subject to the terms of this Invitation and the satisfaction of all conditions to the District's obligation to purchase tendered Target Bonds accepted by the District as described herein, and provided that (i) the Target Bonds offered by a Bondowner for purchase have been validly tendered by 5:00 p.m., New York City time, on August 10, 2026 (as extended from time to time in accordance with this Invitation, the "**Expiration Date**"), and (ii) accepted by the District on August 13, 2026 (as extended from time to time in accordance with this Invitation, the "**Acceptance Date**"), the District will purchase such Target Bonds tendered for purchase at the respective Offer Purchase Prices on August 20, 2026 or such later date as the District shall determine (such date, the "**Settlement Date**"). Accrued interest on the Target Bonds purchased will also be paid on the Settlement Date.

All times in this Invitation are local time in New York City.

No assurances can be given that the Series 2026 Bonds will be issued or that any Target Bonds offered for purchase by a Bondowner will be purchased. See Section 9: "Acceptance of Offers for Purchase" for more information on the selection of tendered Target Bonds to be purchased, if any. The District reserves the right to amend or waive the terms of this Invitation as to any or all of the Target Bonds in any respect and at any time prior to the Expiration Date or from time to time, in its sole discretion. The District also has the right to terminate this Invitation at any time up to and including the Expiration Date. See Section 14: "Extension, Termination and Amendment of Invitation; Changes to Terms" below.

The District is under no obligation to accept any of the Target Bonds that are tendered for purchase pursuant to this Invitation as described in Section 9: "Acceptance of Offers for Purchase." Any Target Bonds tendered by Bondowners pursuant to this Invitation but not accepted by the District will be returned to the Bondowners and will continue to be payable and secured under the terms of the Target Bond Authorizing Resolution until maturity or prior redemption. If all conditions to this Invitation are not satisfied or waived by the District on or prior to the Settlement Date, any Target Bonds tendered by Bondowners pursuant to this Invitation will be returned to the Bondowners and will continue to be payable and secured under the terms of the Target Bond Authorizing Resolution until maturity or prior redemption.

To make an informed decision as to whether, and how, to offer Target Bonds for purchase pursuant to this Invitation, a Bondowner must read this Invitation carefully, including the Series 2026 Bonds POS attached hereto as Appendix A.

None of the District, the Dealer Manager or the Information Agent and Tender Agent (as defined below) make any recommendation that any Bondowner offer and tender or refrain from offering and tendering all or any portion of such Bondowner's Target Bonds for purchase. Bondowners must make these decisions and should consult with their broker, account executive, financial advisor, attorney and/or other appropriate professionals.

The Dealer Manager for this Invitation is D.A. Davidson & Co. Globic Advisors is serving as Information Agent and Tender Agent (the "**Information Agent**" or the "**Tender Agent**") in connection with this Invitation. Bondowners with questions about the substance of this Invitation should contact the Dealer Manager at the email address and telephone number set forth on the inside cover page of this Invitation. Bondowners with questions about the mechanics of this Invitation should contact the Information Agent at the email address and telephone number set forth on the inside cover page of this Invitation.

2. Information to Bondowners.

General. The District will provide additional information about this Invitation, if any, to the market and Bondowners, including, without limitation, the Pricing Notice in the form attached hereto as Appendix B expected to be delivered on or about August 3, 2026 and any supplement to the Series 2026 Bonds POS, by delivery of such information in the following ways: (a) to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at http://emma.msrb.org (the "**EMMA Website**"), using the CUSIP numbers for the Target Bonds listed in the table on page (i) of this Invitation; (b) to DTC (defined below) and to the DTC participants holding the Target Bonds; and (c) by posting electronically on the website of the Information Agent at www.globic.com/siouxfalls. Delivery by the District of information in this manner will be deemed to constitute delivery of the information to each Bondowner. None of the District, the Dealer Manager, or the Information Agent and Tender Agent has any obligation to ensure that a Bondowner actually receives any information provided by the District in this manner.

Tender Consideration. On or about August 3, 2026, the District will publish the Pricing Notice in the form attached hereto as Appendix B, which Pricing Notice will set forth either a confirmation of the indicative fixed spreads shown on page (i) of this Invitation or an amendment to the fixed spreads (each, a "**Fixed Spread**") for each CUSIP of the Target Bonds tendered and accepted for purchase pursuant to this Invitation.

The applicable Fixed Spread will represent the yield, expressed as an interest rate percentage above the yield on the relevant Benchmark Treasury Security (set forth on page (i) of this Invitation) to be used in establishing the Offer Purchase Price for each of the Target Bonds. The applicable Fixed Spread will be added to the yield on the relevant Benchmark Treasury Security for each CUSIP. The yield on each Benchmark Treasury Security (the "**Treasury Security Yield**") will be based on the bid-side price of the Benchmark Treasury Security as quoted on the Bloomberg Bond Trader FIT1 series of pages at 10:00 a.m. New York City Time on August 11, 2026. The applicable Fixed Spread for each CUSIP will be added to the relevant Treasury Security Yield to arrive at a yield for each CUSIP (each a "**Purchase Yield**").

The Purchase Yields will be used to calculate the Offer Purchase Prices. The Offer Purchase Prices will be calculated using the market standard bond pricing formula as of the Settlement Date using the relevant Purchase Yield and the maturity date for each of the Target Bonds.

3. Expiration Date; Offers Only Through Financial Institutions; Brokerage Commissions. This Invitation will expire at 5:00 p.m., New York City time, on the Expiration Date August 10, 2026, unless earlier terminated or extended as described in this Invitation). Offers to sell Target Bonds received after 5:00 p.m., New York City time, on the Expiration Date will not be considered. See Section 14 for a discussion of the District's ability to extend the Expiration Date and to terminate or amend this Invitation.

All of the Target Bonds are held in book-entry form through the facilities of The Depository Trust Company of New York ("**DTC**"). The Information Agent and Tender Agent and DTC have confirmed that this Invitation is eligible for submission of tenders for purchase through DTC's Automated Tender Offer Program (known as the "**ATOP**" system). **Bondowners of Target Bonds determining to offer their Target Bonds to the District pursuant to this Invitation must do so through a DTC participant in accordance with the relevant DTC procedures for the ATOP system. The District will not accept any offers of Target Bonds for purchase that are not made through the ATOP system**. Bondowners who are not DTC participants can only offer Target Bonds for purchase pursuant to this Invitation by making arrangements with and instructing the bank or brokerage firm through which they hold their Target Bonds (sometimes referred to herein as a "custodial intermediary") to tender the Bondowner's Target Bonds on their behalf through the ATOP system. To ensure a Bondowner's Target Bonds are tendered through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date, Bondowners must provide instructions to the bank or brokerage firm through which their Target Bonds are held in sufficient time for such custodial intermediary to tender the Target Bonds in accordance with DTC procedures through the ATOP system by this deadline. Bondowners should contact their bank or brokerage firm through which they hold their Target Bonds for information on when such custodial intermediary needs the Bondowner's instructions in order to tender the Bondowner's Target Bonds through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date. See also Section 6 below.

None of the District, the Dealer Manager, or the Information Agent and Tender Agent are responsible for making or transmitting any offer to sell Target Bonds or for the transfer of any tendered Target Bonds through the ATOP system or for any mistakes, errors or omissions in the making or transmission of any offer or transfer.

Bondowners will pay no brokerage commissions or solicitation fees to the District, the Dealer Manager or the Information Agent and Tender Agent in connection with this Invitation. However, Bondowners should check with their broker, account executive or other financial institution which maintains the account in which their Target Bonds are held to determine if it will charge any commission or fees.

4. Minimum Denominations and Consideration for Offers; Changes to the Terms of this Invitation.

Authorized Denominations for Offers. A Bondowner may make an offer to sell all or a portion of Target Bonds of a particular CUSIP that it owns in an amount of its choosing, but only in principal amounts equal to the Minimum Authorized Denomination or any integral multiple thereof.

Tender Consideration. Target Bonds may only be offered by a Bondowner for purchase by the District pursuant to this Invitation at the relevant Fixed Spreads for each CUSIP to be set forth in the Pricing Notice. The Offer Purchase Price for the Target Bonds with each particular CUSIP tendered pursuant to this Invitation will be calculated using the market standard bond pricing formula as of the Settlement Date based on the Purchase Yield and the maturity date of the Target Bond. In addition to the Offer Purchase Price of the Target Bonds accepted for purchase by the District, accrued interest on such Target Bonds will be paid by, or on behalf of, the District to the tendering Bondowners on the Settlement Date. The Offer Purchase Prices (and the accrued interest) will constitute the sole consideration payable by the District for Target Bonds purchased by the District pursuant to this Invitation.

Changes to Terms of this Invitation. As described in Section 14 hereof, the District may revise the terms of this Invitation prior to the Expiration Date. If the District determines to revise the terms of this Invitation, it shall provide notice thereof in the manner described in Section 2 of this Invitation no later than five (5) Business Days prior to the Expiration Date. If the District increases the Fixed Spread for any of the Target Bonds pursuant to this Invitation (which would thereby reduce the related Offer Purchase Price), the District shall provide notice thereof as described in Section 2 no less than five (5) Business Days prior to the Expiration Date. **In such event, any offers submitted with respect to the affected Target Bonds prior to such change in the Fixed Spread for such Target Bonds pursuant to this Invitation will remain in full force and effect and any Bondowner of such affected Target Bonds wishing to revoke their offer to tender such Target Bonds must affirmatively withdraw such offer prior to the Expiration Date as described in Section 8 hereof.**

5. Provisions Applicable to all Offers. Bondowners are encouraged to ask their financial advisors, investment managers, brokers or account executives for advice in determining whether to offer Target Bonds for purchase and the principal amount of Target Bonds to be offered. Bondowners are encouraged also to inquire as to whether their brokers, account executives or other financial institution will charge a fee for submitting offers. None of the District, the Dealer Manager, or the Information Agent and Tender Agent will charge fees to any Bondowner making an offer or completing the purchase of Target Bonds.

An offer to sell Target Bonds cannot exceed the par amount of Target Bonds owned by a Bondowner. Target Bonds may be tendered and accepted for payment only in principal amounts equal to the Minimum Authorized Denomination and integral multiples thereof.

"All or none" offers are not permitted. No alternative, conditional or contingent tenders will be accepted. All tenders shall survive the death or incapacity of the tendering Bondowner.

By making an offer pursuant to this Invitation, each Bondowner will be deemed to have represented and warranted to and agreed with the District and the Dealer Manager that:

(a) the Bondowner has received, and has had the opportunity to review, this Invitation (including the appendices hereto) prior to making the decision as to whether or not the Bondholder should offer to tender any Target Bonds for purchase;

(b) the Bondowner has full authority to tender, sell, assign and transfer such Target Bonds, and that, on the Settlement Date, the District, as transferee, will acquire good title, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondowner of the applicable Offer Purchase Price, plus accrued interest to the Settlement Date;

(c) the Bondowner has made an independent decision to make the offer, the appropriateness of the terms thereof, and whether the offer is appropriate for the Bondowner;

(d) such decisions are based upon the Bondowner's own judgment and upon advice from such advisors as the Bondowner has consulted;

(e) the Bondowner is not relying on any communication from the District, the Dealer Manager, or the Information Agent and Tender Agent as investment advice or as a recommendation to make the offer, it being understood that the information from the District, the Dealer Manager, or the Information Agent and Tender Agent related to the terms and conditions of this Invitation shall not be considered investment advice or a recommendation to make an offer; and

(f) the Bondowner is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand and accept, the terms and conditions of this Invitation.

6. Transmission of Offers by Financial Institutions; DTC ATOP Procedures. Offers to sell Target Bonds pursuant to this Invitation may only be made to the District through DTC's ATOP system. Bondowners that are not DTC participants must make their offers through their custodial intermediary. A DTC participant must tender the Target Bonds offered by the Bondowner pursuant to this Invitation on behalf of the Bondowner for whom it is acting, by book-entry through the ATOP system. In so doing, such custodial intermediary and the Bondowner on whose behalf the custodial intermediary is acting, agree to be bound by DTC's rules for the ATOP system. In accordance with ATOP procedures, DTC will then verify receipt of the tender offer and send an Agent's Message (as described below) to the Information Agent and Tender Agent.

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent and forming a part of the book-entry confirmation which states that DTC has received an express acknowledgement from the DTC participant tendering Target Bonds for purchase that are the subject of such book-entry confirmation, stating: (i) the par amount of the Target Bonds that have been tendered by such DTC participant on behalf of the Bondowner pursuant to this Invitation, and (ii) that the Bondowner agrees to be bound by the terms of this Invitation, including the representations, warranties, agreements and affirmations deemed made as set forth in Section 5 above.

Agent's Messages must be transmitted to and received by the Information Agent and Tender Agent by not later than 5:00 p.m., New York City time, on the Expiration Date. Target Bonds will not be deemed to have been tendered for cash purchase pursuant to this Invitation until an Agent's Message with respect thereto is received by the Information Agent and Tender Agent.

Each DTC participant is advised to submit each beneficial owner's instruction individually into DTC's ATOP system to ensure proper settlement.

7. Determinations as to Form and Validity of Offers; Right of Waiver and Rejection. All questions as to the validity (including the time of receipt of Agent's Messages by the Information Agent and Tender Agent), eligibility, and acceptance of any offers to sell Target Bonds will be determined by the District in its sole discretion and will be final, conclusive and binding.

The District reserves the right to waive any irregularities or defects in any offer. None of the District, the Dealer Manager, or the Information Agent and Tender Agent is obligated to give notice of any defects or irregularities in offers, and none has any no liability for failing to give such notice.

8. Withdrawals of Offers Prior to Expiration Date; Irrevocability of Offers on Expiration Date. A Bondowner may withdraw an offer to sell Target Bonds pursuant to this Invitation by causing a withdrawal notice to be transmitted via DTC's ATOP system to, and received by, the Information Agent and Tender Agent at or before 5:00 p.m., New York City time, on the Expiration Date (as the date and time may have been changed as provided in this Invitation).

Bondowners who are not DTC participants can only withdraw their offers by making arrangements with and instructing the custodial intermediary through which they hold their Target Bonds to submit the Bondowner's notice of withdrawal through the DTC ATOP system.

All offers to sell Target Bonds will become irrevocable as of 5:00 p.m., New York City time, on the Expiration Date (as such date may have been changed from time to time as provided in this Invitation).

9. Acceptance of Offers for Purchase. On or about 12:00 p.m., New York City time, on the Acceptance Date (August 13, 2026, unless extended), upon the terms and subject to the conditions of this Invitation, the District will announce its acceptance for purchase of Target Bonds, if any, offered and validly tendered by Bondowners pursuant to this Invitation by giving notice in the manner described in <u>Section 2</u>, with acceptance subject to the satisfaction or waiver by the District of the conditions to the purchase of tendered Target Bonds. See <u>Section 10</u>: "Acceptance of Offers Constitutes Irrevocable Agreement" and <u>Section 13</u>: "Conditions to Purchase."

The District intends to purchase up to $120,065,000 in principal amount of Target Bonds, pursuant to this Invitation. However, depending upon the results of this Invitation and other factors the District in its sole discretion may purchase a lesser principal amount of Target Bonds. The District shall be under no obligation to accept any Target Bonds tendered for purchase pursuant to this Invitation. The District in its sole discretion will select which, if any, Target Bonds to purchase of a particular CUSIP based on its determination of the economic benefit from such purchase.

Should the District determine to purchase some but not all of the Target Bonds of a particular CUSIP, the District will accept those tendered Target Bonds on a pro rata basis reflecting the ratio of (a) the principal amount, if any, the District determines to purchase, where applicable (b) the aggregate principal amount of valid offers to sell received. In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a multiple of $5,000, the principal amount of such offer will be rounded down to the nearest multiple of $5,000. If as a result of such adjustment, the amount of a holder's accepted Target Bonds would be less than the minimum authorized denomination of $5,000, the District will reject such holder's tender instruction in whole. The proration factor will take into consideration rounding procedures, which will allow the District to accept the amount of Target Bonds it has determined to purchase.

If the District accepts any Target Bonds of a particular CUSIP for purchase, the District will provide notice of such acceptance, which will state: (i) the principal amount of the Target Bonds of each CUSIP number that the District has accepted for purchase in accordance with this Invitation, which may be zero for a particular CUSIP number, or (ii) that the District has decided not to purchase any Target Bonds.

Shortly following the giving of notice of its acceptance of offers, all Target Bonds that were tendered but were not accepted for purchase will be released and returned to the tendering institution in accordance with DTC's procedures. The release of such Target Bonds will take place in accordance with DTC's ATOP procedures. None of the District, the Dealer Manager, or the Information Agent and Tender Agent is responsible or liable for the operation of the ATOP system by DTC to properly credit such released Target Bonds to the applicable account of the DTC participant or custodial intermediary or by such DTC participant or custodial intermediary for the account of the Bondowner.

Notwithstanding any other provision of this Invitation, the obligation of the District to purchase Target Bonds offered, accepted and validly tendered (and not validly withdrawn) by Bondowners pursuant to this Invitation is subject to the satisfaction or waiver of the conditions set forth under Section 13: "Conditions to Purchase" below. The District reserves the right, in its sole discretion, to amend or waive any of the terms of or conditions to this Invitation, in whole or in part, at any time prior to the Expiration Date. This Invitation may be withdrawn by the District at any time prior to the Expiration Date.

10. Acceptance of Offers Constitutes Irrevocable Agreement; Conditions. Acceptance by the District of offers to sell Target Bonds tendered by Bondowners will constitute an irrevocable agreement between the offering Bondowner and the District to sell and purchase such Target Bonds, subject to the conditions and terms of this Invitation, including the Conditions to Purchase set forth in Section 13.

11. Settlement Date; Purchase of Target Bonds. Subject to satisfaction of all conditions to the District's obligation to purchase tendered Target Bonds accepted by the District, as described herein, the Settlement Date is the day on which Target Bonds accepted for purchase will be purchased and paid for at the applicable Offer Purchase Price, together with accrued interest to such date. Such purchase and payment are expected to occur by 3:00 p.m., New York City time, on the Settlement Date. The Settlement Date has initially been set as August 20, 2026, unless extended by the District, assuming all conditions to this Invitation have been satisfied or waived by the District.

The District may, in its sole discretion, change the Settlement Date by giving notice thereof in the manner described in Section 2 of this Invitation prior to the change. However, the Settlement Date may not be later than August 31, 2026. If the District does not complete the purchase of the Target Bonds by 3:00 p.m., New York City time, on August 31, 2026, the right and obligation of the District to purchase any Target Bonds will automatically terminate, without any liability to any Bondowner, and the District will instruct DTC to release from the controls of the ATOP system all Target Bonds.

Subject to satisfaction of all conditions to the District's obligation to purchase Target Bonds tendered for purchase and accepted by the District pursuant to this Invitation, as described herein, payment by the District will be made through DTC on the Settlement Date. The District expects that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Offer Purchase Prices to be paid for the

Target Bonds tendered for purchase (plus accrued interest) to DTC participants holding the Target Bonds accepted for purchase on behalf of Bondowners for subsequent disbursement to the Bondowners. **None of the District, the Dealer Manager or the Information Agent and Tender Agent has any responsibility or liability for the distribution of the Offer Purchase Prices and accrued interest paid by DTC to DTC participants or by DTC participants to Bondowners**.

Promptly following such deliveries and payments, the District will instruct the registrar and paying agent for the Target Bonds to cause the Target Bonds so purchased to be cancelled and retired.

12. Source of Funds. The source of funds to purchase the Target Bonds validly tendered for purchase pursuant to this Invitation and accepted by the District is expected to be proceeds received by the District from the sale of its Series 2026 Bonds, expected to be issued on the Settlement Date. The payment of accrued interest on Target Bonds validly tendered for purchase is expected to be made from funds held by the District. The District's ability to settle the cash purchase of Target Bonds tendered for purchase and accepted by the District is contingent upon the successful delivery of its Series 2026 Bonds and the other conditions set forth herein.

13. Conditions to Purchase. The consummation of the purchase of the Target Bonds pursuant to this Invitation is conditioned upon the District obtaining satisfactory and sufficient economic benefit therefrom when taken together with the proposed issuance of the Series 2026 Bonds, all on the terms and conditions that are in the District's best interest as determined in its sole discretion. Payment on the Settlement Date is conditioned upon the issuance of the Series 2026 Bonds. Furthermore, the District will not be required to purchase any Target Bonds tendered for purchase and accepted by the District, and will incur no liability as a result, if, before payment for Target Bonds on the Settlement Date:

(a) The District does not, for any reason, have sufficient funds on the Settlement Date from the proceeds of the Series 2026 Bonds to pay the Offer Purchase Prices of tendered Target Bonds accepted for purchase pursuant to this Invitation and pay all fees and expenses associated with the Series 2026 Bonds and this Invitation, including the accrued interest on all Target Bonds accepted for purchase;

(b) Litigation or another proceeding is pending or threatened which the District believes may, directly or indirectly, have an adverse impact on this Invitation or the expected benefits of this Invitation to the District or the Bondowners;

(c) A war, public health or other national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the District believes this fact makes it inadvisable to proceed with the purchase of Target Bonds;

(d) A material change in the business or affairs of the District has occurred which the District believes makes it inadvisable to proceed with the purchase of Target Bonds;

(e) A material change in the net benefits of the transaction contemplated by this Invitation and the Series 2026 Bonds POS has occurred due to a material change in market conditions which the District reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds; or

(f) There shall have occurred a material disruption in securities settlement, payment or clearance services.

These conditions are for the sole benefit of the District. They may be asserted by the District prior to the time of payment for the Target Bonds on the Settlement Date. The conditions may be waived by the District in whole or in part at any time and from time to time in its sole discretion and may be exercised independently for each maturity date and CUSIP number of the Target Bonds. The failure by the District at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the District which may be asserted at any time and from time to time. Any determination by the District concerning the events described in this Section 13 will be final and binding upon all parties. If, prior to the time of payment of any Target Bonds any of the events described happens, the District will have the absolute right to cancel its obligations to purchase Target Bonds accepted by the District without any liability to any Bondowner or any other person.

14. Extension, Termination and Amendment of Invitation. Through and including the Expiration Date, the District has the right to extend this Invitation, to any date in its sole discretion. Notice of an extension of the Expiration Date will be given in the manner described in Section 2 of this Invitation, on or about 2:00 p.m., New York City time, on the first Business Day after the then current Expiration Date.

The District also has the right, prior to the Expiration Date to terminate this Invitation at any time by giving notice of such termination in the manner described in Section 2 of this Invitation.

The District further has the right, prior to the Expiration Date, to amend or waive the terms of this Invitation in any respect and at any time by giving notice of the amendment or waiver in the manner described in Section 2 of this Invitation. The amendment or waiver will be effective at the time specified in such notice.

If the District amends the terms of this Invitation, including a waiver of any term, in any material respect, notice of such amendment or waiver will be given no less than five (5) Business Days prior to the Expiration Date to provide reasonable time for dissemination of such amendment or waiver to Bondowners and for Bondowners to respond. **If the District increases the Fixed Spread for any of the Target Bonds pursuant to this Invitation, any offers submitted with respect to the affected Target Bonds prior to such change in the Fixed Spread for such Target Bonds pursuant to this Invitation will remain in full force and effect, and any Bondowner of such affected Target Bonds wishing to revoke their offer to tender such Target Bonds must affirmatively withdraw such offer prior to the Expiration Date as described in Section 8 hereof.**

No extension, termination or amendment of this Invitation (or waiver of any terms of this Invitation) will: (i) change the District's right to decline to purchase any Target Bonds without liability; or (ii) give rise to any liability of the District, the Dealer Manager, or the Information Agent and Tender Agent to any Bondowner or nominee.

15. Certain Federal Income Tax Consequences.

General Matters. The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) that tender their Target Bonds for cash. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective tendering investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "**IRS**") with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not address U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Target Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address: (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Internal Revenue Code of 1986 (the "**Code**"), or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Target Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors who will hold their Target Bonds as "capital assets" within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Target Bonds other than investors that are U.S. Holders. As used herein, "U.S. Holder" means a Bondowner of a Target Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Target Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Target Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Target Bonds (including their status as U.S. Holders).

Any federal income tax discussions in this Invitation are included for general information only and should not be construed as a tax opinion nor tax advice by the District, the Dealer Manager, the Information Agent or any of the District's advisors or agents to Bondowners. Such discussions also do not purport to address all aspects of federal income taxation that may be relevant to particular Bondowners (e.g., a foreign person, bank, thrift institution, personal holding company, tax exempt organization, regulated investment company, insurance company, or other broker or dealer in securities or currencies). Bondowners should not rely on such discussions and are urged to consult their own tax advisors to determine the particular federal, state, local and foreign tax consequences of sales made by them pursuant to purchase offers involving the Target Bonds, including the effect of possible changes in the tax laws. In addition to federal tax consequences, the sale of Target Bonds may be treated as a taxable event for state, local and foreign tax purposes. Bondowners are urged to consult their own tax advisors to determine the particular state, local and foreign tax consequences of sales made by them pursuant to purchase offers involving the Target Bonds, including the effect of possible changes in the tax laws.

Tendering U.S. Holders. The tender of a Target Bond for cash will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder will recognize gain or loss equal to the difference between (i) the amount of cash received (except to the extent attributable to accrued but unpaid interest on the Target Bond, which will be taxed as ordinary interest income except to the extent such interest is excludible from gross income under Section 103 of the Code) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Target Bond (generally, the purchase price paid by the U.S. Holder for the Target Bond, decreased by any amortized acquisition premium, and increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Target Bond or otherwise required to be added to the cost basis of the U.S. Holder in such Target Bond).

Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Target Bonds holding the Target Bond for a period exceeding one year, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income. The deductibility of capital losses is subject to limitations.

Backup Withholding. Amounts paid to Bondowners may be subject to backup withholding by reason of the events specified by Section 3406 of the Code which include failure of a Bondowner to supply the broker, dealer, commercial bank or trust company acting on behalf of such Bondowner with such Bondowner's taxpayer identification number certified under penalty of perjury. Certification can be made by completing a substitute IRS Form W-9, a copy of which is available from the Information Agent. Backup withholding may also apply to Bondowners who are otherwise exempt from such backup withholding if such Bondowners fail to properly document their status as exempt recipients.

16. Additional Considerations. In deciding whether to participate in this Invitation, each Bondowner should consider carefully, in addition to the other information contained in this Invitation, the following:

Market for Target Bonds. The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondowners may be able to effect a sale of the Target Bonds at a price higher than the Offer Purchase Price established pursuant to this Invitation.

Target Bonds Not Tendered for Purchase. Bondowners of Target Bonds who do not accept this Invitation will continue to hold their interest in such Target Bonds. If Target Bonds are purchased pursuant to this Invitation, the principal amount of Target Bonds for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Target Bonds of that CUSIP that remain outstanding.

The terms of the Target Bonds that remain outstanding will continue to be governed by the terms of the Target Bonds Authorizing Resolution. The Target Bonds maturing on and after August 1, 2032 are subject to redemption in whole or in part, at the option of the District on any date on or after August 1, 2031, at a redemption price equal to 100% of the principal amount of the Target Bonds, or portions thereof to be redeemed plus accrued but unpaid interest to the date fixed for redemption.

To the extent Target Bonds are not purchased pursuant to this Invitation, the District reserves the right to, and may in the future decide to, acquire some or all of the Target Bonds through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the consideration offered pursuant to this Invitation, which could be cash or other consideration. Any future acquisition of Target Bonds may be on the same terms or on terms that are more or less favorable to Bondowners than the terms described in this Invitation. The District also reserves the right in the future to refund (on an advance or current basis) any remaining portion of outstanding Target Bonds through the issuance of publicly offered or privately placed tax-exempt or taxable bonds. The decision to undertake any such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the District may ultimately choose to pursue in the future.

17. The Dealer Manager. Pursuant to the terms of that certain Dealer Manager Agreement, the District has retained D.A. Davidson & Co. to act on its behalf as Dealer Manager for this Invitation. References in this Invitation to the Dealer Manager are to D.A. Davidson & Co. only in its capacity as the Dealer Manager. The District has agreed to pay the Dealer Manager a nominal fee for its services and to reimburse the Dealer Manager for a portion of its reasonable out-of-pocket costs and expenses relating to this Invitation. The compensation of the Dealer Manager is based, and is contingent upon the closing of and expected to be paid with proceeds of the Series 2026 Bonds in its capacity as underwriter for the Series 2026 Bonds.

The Dealer Manager may contact Bondholders regarding this Invitation and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Invitation to beneficial owners of the Bonds.

The Dealer Manager and its affiliates together comprise full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the District, including the Bonds.

In addition to its role as Dealer Manager for the Bonds, D.A. Davidson is also serving as the underwriter for the Series 2026 Bonds, as described in the Preliminary Official Statement attached as Appendix A.

The Dealer Manager is not acting as a municipal advisor, financial advisor or fiduciary to the District in connection with this Invitation.

18. Information Agent and Tender Agent. The Dealer Manager, on behalf of the District, has retained Globic Advisors to serve as Information Agent and Tender Agent in connection with this Invitation. The District has agreed to pay the Information Agent and Tender Agent customary fees for its services and to reimburse the Information Agent and Tender Agent for its reasonable out-of-pocket costs and expenses relating to this Invitation.

19. Miscellaneous. This Invitation is not being made to, and offers will not be accepted from or on behalf of, Bondowners in any jurisdiction in which this Invitation or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require this Invitation to be made through a licensed or registered broker or dealer, this Invitation is being made on behalf of the District by the Dealer Manager.

No one has been authorized by the District, the Dealer Manager or the Information Agent and Tender Agent to recommend to any Bondowners whether to offer Target Bonds for purchase pursuant to this Invitation. No one has been authorized to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation. Any recommendation, information and representations given or made cannot be relied upon as having been authorized by the District, the Dealer Manager or the Information Agent and Tender Agent.

None of the District, the Dealer Manager or the Information Agent and Tender Agent makes any recommendation that any Bondowner offer and tender or refrain from offering and tendering all or any portion of such Bondowner's Target Bonds for purchase. Bondowners must make these

decisions and should consult with their broker, account executive, financial advisor, attorney and/or other appropriate professionals.

SIOUX FALLS SCHOOL DISTRICT 45-6,
MINNEHAHA AND LINCOLN COUNTIES,
SOUTH DAKOTA

By: /s/
Dr. James Nold
Superintendent of Schools

APPENDIX A

PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED JULY 24, 2026

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

REFUNDING	**[S&P RATING OF THE BONDS: "___"]**
BOOK-ENTRY ONLY	**S&P RATING OF THE DISTRICT: "AA"**
BANK QUALIFIED	**See "RATINGS" herein**

In the opinion of Bond Counsel, according to federal laws, regulations, rulings and decisions in effect on the date of issuance of the Bonds, the interest to be paid on the Bonds is not includable in gross income for federal income tax purposes except under certain conditions. For purposes of acquisition by banks and other financial institutions, the District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. Interest on the Bonds is includable in gross income for South Dakota income tax purposes when the owner is a financial institution as defined in South Dakota Codified Laws, Chapter 10-43. See "TAX MATTERS" herein.

**$__________*

SIOUX FALLS SCHOOL DISTRICT NO. 49-5
MINNEHAHA AND LINCOLN COUNTIES, SOUTH DAKOTA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2026

Dated: Date of Delivery | **Due: August 1, as shown herein**

Sioux Falls School District No. 49-5, Minnehaha and Lincoln Counties, South Dakota (the "District") is issuing the above captioned bonds (the "Bonds") as fully registered bonds which, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC is acting as securities depository for the Bonds. Purchases of Bonds will be made in book-entry form only, in denominations of $5,000 or integral multiples thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Bonds will not receive physical delivery of any bond certificates so long as DTC or a successor acts as the securities depository with respect to the Bonds. U.S. Bank Trust Company, National Association, St. Paul, Minnesota, is the Paying Agent and Registrar with respect to the Bonds. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2027*, until maturity or earlier redemption, and principal is payable on the dates and in the amounts set forth on the inside cover hereto. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal or the redemption price of and the interest on the Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "BOOK-ENTRY SYSTEM" herein.

MATURITY SCHEDULE – SEE INSIDE COVER

The Bonds are subject to redemption prior to maturity under the circumstances, on the dates, in the amounts and at the prices set forth herein. See "THE BONDS – Redemption Provisions" herein.

The District is issuing the Bonds to (a) purchase and cancel a portion of the District's outstanding general obligation bonds as set forth herein, and (b) pay the costs of issuing the Bonds. The Bonds are direct general obligations of the District, payable from ad valorem taxes to be levied against the taxable property located therein, without limitation as to rate or amount. The full faith and credit and the taxing power of the District are pledged to the payment of the principal of, premium, if any, and the interest on the Bonds. See "THE BONDS – Purpose and Authority" and "– Security" herein. [The District has also pledged future payments of appropriated aid from the State of South Dakota to provide additional security for the payment of principal of and interest on the Bonds. See "PLEDGED STATE AID" and "STATE OF SOUTH DAKOTA CREDIT ENHANCEMENT" herein.]

The Bonds are being offered in book-entry form by D.A. Davidson & Co. (the "Underwriter") subject to prior sale, withdrawal, cancellation or modification of the offer without notice, delivery to and acceptance by the Underwriter of the Bonds, and certain other conditions, including an opinion as to legality and tax exemption of Meierhenry Sargent LLP, Sioux Falls, South Dakota, Bond Counsel. The Underwriter is being represented by Kutak Rock LLP, Omaha, Nebraska. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about August 20, 2026*. The Underwriter expects, but is not required, to engage in secondary market trading of the Bonds, subject to applicable securities laws. For information with respect to the Underwriter, see "UNDERWRITING" herein.

D|A DAVIDSON
D.A. Davidson & Co. member SIPC

Dated: ______________, 2026.

* Preliminary; subject to change.

$_________*

SIOUX FALLS SCHOOL DISTRICT NO. 49-5
MINNEHAHA AND LINCOLN, SOUTH DAKOTA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2026

MATURITY SCHEDULE*

Type	Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price (% of Par)	CUSIP[1] (829596)
Serial	2026					
Serial	2027					
Serial	2028					
Serial	2029					
Serial	2030					
Serial	2031					
Serial	2032					
Serial	2033					
Serial	2034					
Serial	2035					
Serial	2036					
Serial	2037					
Serial	2038					
Serial	2039					

* Preliminary; subject to change.
[1] CUSIP data herein is provided by the CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP numbers have been assigned by an organization not affiliated with the District and are included for the convenience of the holders of the Bonds. None of the District, the Underwriter or the Registrar is responsible for the selection or use of the CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above.

SIOUX FALLS SCHOOL DISTRICT NO. 49-5
MINNEHAHA AND LINCOLN COUNTIES, SOUTH DAKOTA

Board of Education

Nan Kelly, President
Gail L. Swenson, Vice President
Dawn Marie Johnson, Member
Mark Murren, Member
Elizabeth Duffy, Member

Administration

Dr. James Nold, Superintendent of Schools
Cameron Kerkhove, Business Manager

PROFESSIONAL SERVICES

Meierhenry Sargent LLP, Bond Counsel
Kutak Rock LLP, Counsel to the Underwriter
RSM US LLP, Independent Auditors to the District

REGISTRAR AND PAYING AGENT

U.S. Bank Trust Company, National Association
St. Paul, Minnesota

UNDERWRITING SERVICES

D.A. Davidson & Co.
Omaha, Nebraska

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. In making an investment decision, investors must rely upon their own examination of the District and the terms of the offering, including the merits and risks involved.

The information set forth herein has been obtained from the District and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion herein are subject to change, without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstance, create any implication that there has been no change in the affairs of the District since the date hereof. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. No dealer, broker, sales representative or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The Bonds have not been registered with the United States Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption contained in the Securities Act. No federal or state securities commission or regulatory authority has recommended the Bonds. Moreover, none of the foregoing authorities has confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The South Dakota Health and Educational Facilities Authority (the "Authority") has provided the District with a form of state aid pledge agreement and a general description of the state aid pledge program, but neither the Authority nor the South Dakota Department of Education, the Bureau of Finance and Management, the State Auditor or any other state department, agency or board has undertaken any responsibility to prepare, review or confirm the accuracy or completeness of this Official Statement. The accuracy and completeness of this Official Statement, including the description of the pledged state aid program under the caption "Pledged State Aid" is solely the responsibility of the District.

The Underwriter intends to offer the Bonds initially at the offering prices set forth on the inside cover page hereto, which may subsequently change without any requirement of prior notice. In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market. Stabilization, if commenced, may be discontinued at any time. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

For purposes of compliance with Rule 15c2-12(b)(1) of the Commission, this Official Statement has been deemed final by the District as of the date hereof.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "budget," "intend" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the District nor any other party plans to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions or circumstances upon which such statements are based occur.

TABLE OF CONTENTS

OFFICIAL STATEMENT

$_________[*]
SIOUX FALLS SCHOOL DISTRICT NO. 49-5
MINNEHAHA AND LINCOLN COUNTIES, SOUTH DAKOTA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2026

INTRODUCTION

The purpose of this Official Statement, which includes the cover pages and the appendices hereto, is to furnish certain information concerning Sioux Falls School District No. 49-5, Minnehaha and Lincoln Counties, South Dakota (the "**District**") and the District's issuance of $_________[*] in aggregate principal amount of its General Obligation Refunding Bonds, Series 2026 (the "**Bonds**"). The District is issuing the Bonds to (i) purchase and cancel the Tendered Bonds (as defined herein), and (ii) pay the costs of issuing the Bonds. See "THE BONDS—Purpose and Authority" herein.

On or about July 24, 2026, the District, with the assistance of D.A. Davidson & Co., acting as dealer manager, released an "Invitation to Tender Bonds made by Sioux Falls School District No. 49-5 Minnehaha and Lincoln Counties" (the "**Invitation to Tender**") inviting owners of the hereinafter defined Taxable Series 2021 Bonds to tender such bonds for purchase by the District and subsequent cancellation.

The Bonds are direct, general obligations of the District and are secured as to the payment of principal, premium, if any, and interest by an irrevocable pledge by the District of the full faith, credit, resources, and taxing power of the District. The Bonds, including all interest thereon, are payable from and are secured by ad valorem taxes levied against all taxable property in the District, unlimited by law as to rate and amount. See the captions "THE BONDS – Security" and "BUDGETING AND TAX LEVY INFORMATION" herein. The Bonds are further secured as to the payment of both principal and interest by the pledge of future payments of appropriated aid from the State of South Dakota (the **"State"**). See the captions "PLEDGED STATE AID" and "STATE OF SOUTH DAKOTA CREDIT ENHANCEMENT" herein.

The offering of the Bonds is made only by means of this entire Official Statement, including the appendices hereto. Descriptions of and references to the Bonds, the hereinafter-described Resolution, related transaction documents, the Invitation to Tender and other matters do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the complete texts thereof, copies of which are available for inspection at the offices of D.A. Davidson & Co., Omaha, Nebraska as underwriter (the "**Underwriter**") of the Bonds.

THE BONDS

General

The District is issuing the Bonds as fully registered bonds in book-entry form only and in denominations of $5,000 or integral multiples thereof ("**Authorized Denominations**"). The original issue date of the Bonds is their date of delivery. The Bonds bear interest at the rates and mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months from the date of original issue or the most recent Interest Payment Date, whichever is later. Interest on the Bonds is payable on February 1 and August 1 of each year (each, an "**Interest Payment Date**"), commencing February 1, 2027[*], until maturity or earlier redemption.

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[*] Preliminary; subject to change.

U.S. Bank Trust Company, National Association, St. Paul, Minnesota (the "**Registrar**"), is acting as the Registrar and Paying Agent with respect to the Bonds.

Payment Provisions

The principal of, premium, if any, and the interest on the Bonds will be payable in lawful money of the United States of America by the Registrar from its corporate trust office in St. Paul, Minnesota. The Registrar will pay interest due on the Bonds by check or draft mailed to the registered owners at their registered addresses, both as shown on the registration books of the Registrar as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the "**Record Date**"). Principal of and premium, if any, due on the Bonds at maturity or earlier date of redemption (including all accrued interest to any such redemption date), shall be paid on presentation and surrender of the Bonds at the office of the Registrar.

So long as DTC (hereinafter defined) or its nominee is the registered owner of the Bonds, payment of the principal of the Bonds or the redemption price thereof and the interest thereon will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See the caption "BOOK-ENTRY SYSTEM" herein.

Registration, Transfer and Exchange of Bonds

Any Bond may be transferred pursuant to its provisions at the principal corporate trust office of the Registrar by surrender of such Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent. To the extent of the denominations authorized for the Bonds, one Bond may be transferred for several such Bonds of the same interest rate and maturity and for a like aggregate principal amount, and several such Bonds may be transferred for one or several such Bonds, respectively, of the same interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Bond, the surrendered Bond shall be canceled and destroyed. The Registrar may impose a charge sufficient to defray all costs and expenses incident to registrations of transfer and exchanges. In each case the Registrar shall require the payment by the owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Registrar shall not be required to transfer or exchange any Bond during the period commencing on a Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the District to call such Bond for redemption; provided, the Registrar, at its option, may make transfers after any of said dates.

Purpose and Authority

Purpose. The District is issuing the Bonds to (i) purchase and cancel the Tendered Bonds, which consist of $_________* in aggregate principal amount of the District's outstanding General Obligation Refunding Bonds, Taxable Series 2021, dated June 8, 2021 (the "**Tendered Bonds**"), which were issued in the original aggregate principal amount of $159,060,000 and, after the purchase and cancellation of the Tendered Bonds on the date of issuance of the Bonds, will be outstanding in the aggregate principal amount of $___________* (the "**Taxable Series 2021 Bonds**"), and (ii) pay the costs of issuing the Bonds. The District issued the Taxable Series 2021 Bonds to (i) advance refund and defease all of the District's outstanding General Obligation Bonds, Series 2018A, dated December 13, 2018 (the "**Series 2018 Bonds**"), and (ii) pay the costs of issuing the Taxable Series 2021 Bonds. The District issued the Series 2018 Bonds to (i) finance certain capital improvements for the District (collectively, the "**Project**") and which were

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* Preliminary; subject to change.

authorized by the required majority of the qualified electors of the District voting at a special election held within the District on September 18, 2018, and (ii) pay the costs of issuing the Series 2018 Bonds.

Authority. The Bonds are being issued pursuant to a resolution (the "**Resolution**") duly adopted by the District's School Board (the "**Board**") on May 11, 2026 in accordance with SDCL Chapter 6-8B and Title 13, as amended, and which were authorized by the required majority of the qualified electors voting at the Election.

Security

The Bonds constitute general obligations of the District to which the full faith and credit and the taxing power of the District have been pledged pursuant to the Resolution to the prompt payment of the principal of, premium if any, and interest on the Bonds. The Bonds are payable from ad valorem taxes to be levied against all taxable property within the District, sufficient in rate and amount to pay the interest on and principal of said Bonds as the same become due, without limitation as to rate or amount.

[The Bonds are further secured as to the payment of both principal and interest by the pledge of future payments of appropriated State Aid (as defined herein). See the captions "PLEDGED STATE AID" and "STATE OF SOUTH DAKOTA CREDIT ENHANCEMENT" herein.

In addition to the Bonds and the Taxable Series 2021 Bonds, the District has outstanding $51,300,000 in aggregate principal amount of its General Obligation Bonds, Series 2022, dated March 17, 2022 (the "**Series 2022 Bonds**" and together with the Taxable Series 2021 Bonds, the "**Outstanding Bonds**"). The Outstanding Bonds are general obligation bonds of the District on a parity with the Bonds and equally and ratably secured by the pledge of its full faith and credit and its taxing power. The District has covenanted with respect to the Outstanding Bonds to levy and collect annually a special levy of taxes on all the taxable property in the District, in addition to all other taxes – including the levy relating to the Bonds – sufficient in rate and amount to pay the principal of, premium, if any, and interest on the Outstanding Bonds.]

Redemption Provisions*

Optional Redemption. Bonds maturing on or prior to August 1, 2036 are not subject to optional redemption and prepayment by the District. Bonds maturing on or after August 1, 2037 are subject to optional redemption and prepayment by the District on August 1, 2036 or any date thereafter, in whole, or in part, from such maturities as shall be determined by the District, at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date. If less than all of the Bonds of any maturity are called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot in Authorized Denominations.

Notice of Redemption. Notice of call for redemption shall be given by the Registrar on behalf of the District not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption (or such shorter period as may be acceptable to the then registered owner of the Bonds) by sending a notice as prescribed by the Resolution to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registrar as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given.

Effect of Redemption. If notice of redemption shall have been properly given and if on the date so designated for redemption the Registrar shall hold sufficient monies to pay the redemption price of, and interest to the redemption date on, the Bonds to be redeemed as provided in Resolution, then: (1) the Bonds

* Preliminary; subject to change.

so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date; (2) interest on the Bonds so called for redemption shall cease to accrue; and, (3) such Bonds shall no longer be outstanding or secured by, or be entitled to, the benefits of the Resolution, except to receive payment of the redemption price thereof and interest thereon from monies then held by the Registrar.

BOOK-ENTRY SYSTEM

The Bonds are available in book-entry form only and beneficial ownership interests therein may be purchased in Authorized Denominations. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

The following information concerning The Depository Trust Company ("DTC"), New York, New York and DTC's book-entry system has been obtained from sources the District believes to be reliable. However, the District takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participant's accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC us owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a rating of "AA+" from S&P Global Ratings, a Standard and Poor's Financial Services LLC business. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and at www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal or redemption price of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent and Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its nominee, the Paying Agent and Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent and Registrar. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent and Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), physical Bond certificates may be delivered to Beneficial Owners in the manner described herein.

SOURCES AND USES OF FUNDS*

Set forth below are the estimated sources and uses of funds:

Sources of Funds	
Par Amount of the Bonds	$_________.00
Plus [Net] Original Issue Premium	___________
Total:	$___________
Uses of Funds	
Purchase and Cancellation of Tendered Bonds	$
Costs of Issuance (including the Underwriter's discount)	$___________
Total:	$___________

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* Preliminary; subject to change.

DEBT SERVICE SCHEDULE*

The following table sets forth, for each annual period ending June 30, the amounts required to be paid with respect to the Bonds and the Enhanced Parity Obligations, assuming no prepayment.

Annual Period Ending 6/30	Outstanding Debt Service	2026 GORBs Principal	2026 GORBs Interest	2026 GORBs Debt Service	Total Annual Debt Service
2027	$ 20,315,097.95				
2028	21,060,460.62				
2029	21,068,095.74				
2030	20,389,925.01				
2031	19,731,521.56				
2032	16,975,040.15				
2033	16,984,068.45				
2034	15,088,896.65				
2035	13,188,434.40				
2036	12,729,281.20				
2037	12,273,280.30				
2038	12,276,865.00				
2039	12,272,328.05				
2040	12,275,549.20				
2041	8,123,725.00				
2042	8,125,100.00				
2043	8,125,250.00				
2044	8,124,025.00				
2045	8,126,200.00				
2046	8,121,625.00				
2047	8,125,075.00				
	$283,499,844.28				

BONDHOLDERS' RISKS

As described above in "THE BONDS – Security," the Bonds and other general obligation indebtedness of the District (including the Outstanding Bonds) are payable from general ad valorem taxes levied upon the taxable property in the District without limit as to rate or amount. The Bonds are further secured as to the payment of both principal and interest by the pledge of future payments of appropriated State Aid. Prospective purchasers of the Bonds should be aware that investment in the Bonds may entail some degree of risk. Each prospective investor in the Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the factors described below which could affect the payment of debt service on the Bonds and could affect the market price of the Bonds to an extent that cannot be determined. This discussion of risk factors is not, and is not intended to be, exhaustive.

*Preliminary; subject to change.

No Mortgage or Collateral

The Bonds are not secured by a mortgage, deed of trust or security instrument in any real or personal property of the District, including the Project being refinanced with the proceeds of the Bonds. Bondholders will not have any right to exercise any remedies against any real or personal property of the District upon any event of a default with respect to the Bonds.

Lack of Market for the Bonds

The Bonds will not be listed on a securities exchange or inter-dealer quotation system. Although the Underwriter presently intends to make a market for the Bonds, the Underwriter is not obligated to purchase any of the Bonds in the future, and such market making may be discontinued at any time. There can be no assurance that there will be a secondary market for the Bonds, and the absence of such a market for the Bonds could result in investors not being able to resell their Bonds should they need or wish to do so.

Redemption Prior to Maturity

In considering whether to make an investment in the Bonds, potential investors should consider the information included in this Official Statement under the heading "THE BONDS—Redemption Provisions." Upon any redemption of the Bonds, such called Bonds shall be redeemed at par and not with any premium. Investors purchasing Bonds at a discount or a premium should consult with their tax advisors regarding the effects of any such redemption at par.

Tax Treatment of the Bonds; Changes in Federal and State Law

The Code establishes certain requirements that must be met subsequent to the issuance of the Bonds in order that interest thereon be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of original issuance of the Bonds. In addition, from time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax status of the Bonds or adversely affect their market value. The District cannot predict whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment.

Limitation of Rights upon Insolvency; District Not Authorized to File for Federal Bankruptcy

The United States Bankruptcy Code enables debtors, including certain municipalities, counties and school districts, which are insolvent to obtain relief through petition and plan which may result in the modification or delay of payments to creditors, including bondholders. Relief under Chapter 9 of the federal Bankruptcy Code is available only to those municipalities which are specifically authorized to be a debtor under such Chapter by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor under Chapter 9. The South Dakota state legislature has not authorized political subdivisions within the State of South Dakota (the "**State**"), including school districts, to file for bankruptcy, and it has not authorized any governmental officer or organization to permit a political subdivision to be a debtor under the federal Bankruptcy Code. Consequently, if the District defaults on its payment obligations, including those with respect to the Bonds, the procedures for resolving such payment default and the remedies available to the holders of such obligations cannot be predicted.

Fluctuations in State Revenues

The State, like other states, experiences fluctuations in revenue collections due to changing economic conditions which impact enterprises throughout the State. During periods of decreased revenue receipts and forecasts, the State Legislature has increased certain taxes and/or reduced certain State expenditures, including State contributions to certain political subdivisions such as school districts. Such legislative enactments may occur in regular legislative sessions or in one or more special sessions. There can be no assurance concerning tax rates or levels of expenditure by the State affecting school districts.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the District. Despite the implementation of network security measures by the District, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware, or computer virus, or may otherwise be breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise networks, and the information stored thereon could be disrupted, accessed, publicly disclosed, lost, or stolen. Although the District does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly situated governmental entities, any such disruption, access, disclosure, or other loss of information could have an adverse effect on the District's operations and financial health. Further, as cybersecurity threats continue to evolve, the District may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate, and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

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BUDGETING AND TAX LEVY INFORMATION

The District's primary source of funding is ad valorem property tax revenues. Under State law, school districts are permitted to make up to four separate property tax levies, including:

(1) General Fund Levy for taxes payable in 2026 and each year thereafter is $5.211 per $1,000 taxable valuation subject to the following specific limitations for the following classes of property: (1) $1.125 per $1,000 taxable valuation for agricultural property; (2) $2.518 per $1,000 taxable valuation for owner-occupied single-family dwellings. Section 10-12-43 of South Dakota Codified Laws provides that the above general fund levies can be exceeded only by an excess levy imposed by an affirmative two-thirds vote of the governing body of the school district. The vote by the governing body must occur on or before July 15 of the year prior to the year the taxes are payable. The decision to exceed the levies is subject to a referendum by the electors of the school district, if petitioned by at least five percent of the registered voters in the school district.

(2) Capital Outlay Fund Levy not to exceed $3 per $1,000 taxable valuation.

(3) Special Education Fund Levy not to exceed $1.462 per $1,000 taxable valuation.

(4) General Obligation Bond Levy which is not subject to levy limitation.

The property tax levy process begins with the adoption of the District's annual budget. State law specifies a procedure which school districts must follow for establishing their annual budgets and submitting their property tax levies to the county auditor. At its regular May meeting each school board must receive a proposed budget for the next fiscal year, prepared under standards prescribed by the South Dakota Auditor General. (All South Dakota school districts operate on a July 1-June 30 fiscal year.) The proposed budget must be published by July 15, and the school board must conduct a hearing on the budget no later than August 1. The final budget for all funds must be adopted on or before October 1, and the school board must establish a levy in dollars sufficient to fund the budget. Once adopted, the budget is forwarded to the county auditor, who must spread a levy in dollars over the school district's taxable property sufficient to raise the money required by the budget, subject only to legal limits on the amount of taxes which a school district may levy.

In South Dakota, the collection of all property tax revenues is handled by the county governments. Each county is required to conduct an annual assessment of all real property located in the county. State law requires that all property be assessed at its full and true value. Property owners must be notified of the assessed value of their properties, and a property owner who desires to challenge the assessment may appeal to the appropriate board of equalization. State law creates local boards of equalization, the purpose of which is to equalize the assessed values of all properties and to see that all taxable property has been properly placed on the assessment rolls and has been properly valued. The county commission, sitting as a board of equalization, is the final local authority for hearing property owner appeals and equalizing the assessments of property, subject to a property owner's right to appeal his or her assessment to the State Board of Equalization or to South Dakota Circuit Court. Each county's equalization proceedings for its annual assessment must be completed by the third week of May.

Real property taxes become due on January 1 of the year following the year in which the tax levy is made. Real property taxes become delinquent if not paid 50% by May 1 and the remaining 50% by November 1. Once levied, taxes become a perpetual lien upon the subject real property until paid. All property tax payments, after being collected by the county treasurer, are turned over to the county auditor. The auditor in turn must distribute on a monthly basis a portion of all property tax payments to each local unit of government for which a levy was made.

PLEDGED STATE AID

The District has elected to participate in a voluntary program (the "**State Aid Pledge Program**" or the "**Program**") administered by the South Dakota Health and Educational Facilities Authority (the "**Authority**") in conjunction with the South Dakota Department of Education ("**DOE**"). Such Program provides additional security for the payment of bonds, capital outlay certificates, leases or other financing arrangements entered into by a school district (a "**Participant**") by a pledge of State aid to education appropriated by the Legislature from time to time ("**State Aid**") and pledged to secure payment of the Bonds ("**Pledged State Aid**"). There follow brief descriptions of the State Aid Pledge Program, State Aid to Education in South Dakota and the State Aid Pledge Agreement to be entered into by a Participant, DOE, the Authority and the relevant Paying Agent.

State Aid Pledge Program

During its 2015 session, the State Legislature adopted Senate Bill 191 authorizing the current form of the State Aid Pledge Program. The purpose of the Program is to reduce interest costs for participating State school districts by providing credit enhancement for general obligation bonds, capital outlay certificates and certain other financings. The Program allows school districts to pledge appropriated State Aid to education payments to provide additional security for the Bonds, certain capital outlay certificates and other qualifying financings.

For purposes of the discussion under the captions "PLEDGED STATE AID" and "STATE OF SOUTH DAKOTA CREDIT ENHANCEMENT," any school district that participates in the Program is referred to as a "**Participant**" and the bonds, certificates or other obligations secured by pledged State Aid are referred to as "**Enhanced Obligations**." The District will be a Participant, and the Bonds will be Enhanced Obligations.

State Aid to Education in South Dakota

South Dakota Codified Law 13-13-74 requires that State Aid be paid to school districts in twelve monthly installments, on or about the 30th day of each month. As a practical matter, the South Dakota Bureau of Finance and Management ("**BFM**") has agreed with the South Dakota Investment Council that payments will be made to the school districts on the next to last business day of each month. Reference is hereby made to the information under the caption "STATE OF SOUTH DAKOTA CREDIT ENHANCEMENT" in this Official Statement information concerning the amounts of State Aid received from time to time by the District.

Under the State Aid Pledge Program, if a Participant fails to deposit a scheduled semiannual principal and/or interest payment under an Enhanced Obligation by the 15th day of the preceding month, a delinquency notice is circulated by the Paying Agent for the Enhanced Obligations to all of the parties in the payment process: DOE, State Auditor, and BFM, as well as the Authority. If the delinquency is not cured by the end of the second business day following the delinquency notice date, the State Aid Pledge Agreement provides that the Authority will issue an intercept notice to the same parties. The intercept notice directs the DOE to enter different payment instructions and amounts into its electronic "voucher" request system, such that (i) the amount of the delinquent interest and/or principal then due but unpaid under the Enhanced Obligations will be paid directly to the Paying Agent in good funds on the second to the last business day of the month, and (ii) the Paying Agent will thus have funds available to make the required interest and/or principal payment to the holders of the Enhanced Obligations on the next Principal or Interest Payment Date.

State Aid Pledge Agreement

In order to become a Participant in the State Aid Pledge Program and to secure its bonds, certificates or other financing arrangement with pledged State Aid, the District must apply to the Authority and if approved, must enter into a form of State Aid Pledge Agreement (the "**Agreement**") with the Authority, DOE and the relevant Paying Agent. A brief summary of the Agreement is set forth below. The form of the specific Agreement entered into by a specific Participant may be obtained from the Participant or the underwriter for the related Enhanced Obligations during the initial offering thereof. Reference is hereby made to the Agreement for a specific series of Enhanced Obligations and the description below is qualified in all respects by such reference.

Pledge of State Aid

Under the Agreement, a Participant ratifies and confirms its pledge in the Resolution of pledged State Aid to secure payment of the Enhanced Obligations and any Enhanced Parity Obligations (as defined herein) and covenants and agrees that if a Delinquency (as defined below) occurs with respect to the payment of any amount under or in connection with any outstanding Enhanced Obligation or Enhanced Parity Obligation, then all available monies from pledged State Aid obtained through the intercept notice shall be applied to pay the Delinquent Amount (defined below) as specified in the Delinquency Notice (defined below).

The Participant also covenants and agrees in the Agreement that if the Authority determines that the Participant is delinquent in making any payments pursuant to the Resolution, the Enhanced Obligations or any Enhanced Parity Obligation, then no cash receipts from the collection of any taxes, from State Aid to education under chapter 13-13 SDCL, or from the collection of tuition charges may be expended for any purpose except paying the amounts due pursuant to the Resolution, Enhanced Obligations, or any Enhanced Parity Obligation as specified by written notice by or on behalf of the Authority pursuant to SDCL Section 13-13-39 and the Agreement. In such event, monies from State Aid under Title 13 (to the extent appropriated but not yet distributed to the Participant in the current fiscal year) shall be applied to pay the amounts as shall be specified by the Authority to the Paying Agent as provided in the Agreement.

The Agreement provides that a copy of the Agreement and the Resolution and any revisions or supplements to it, shall be filed with the Secretary of the department of Education to perfect the lien and security interest of the Authority in the pledged State Aid as contemplated by SDCL Section 13-19-30. It is solely the obligation of the Participant to comply with this provision.

Payment Provisions; Delinquency and Intercept Notices

If a Participant fails to deposit with the Paying Agent any amount due with respect to an Enhanced Obligation or any Enhanced Parity Obligation on or before the 15th day of the month preceding a Principal or Interest Payment Date for any outstanding Bond or Enhanced Parity Obligation (such a failure a "**Delinquency**"), the Agreement requires the Paying Agent to provide a written notice (a "**Delinquency Notice**") to the Participant, DOE, the State Auditor, BFM and the Authority by the close of business the same Business Day on which the payment was due (the "**Notice Date**").

Upon receipt of the Delinquency Notice, the Authority covenants and agrees in the Agreement that it will contact the Participant directly to confirm the Delinquency and request that the Participant cure the Delinquency immediately.

If the Paying Agent does not receive all Delinquent Amounts (defined below) by the close of business on the second Business Day following the Notice Date, the Agreement provides that the Paying Agent will provide written notice of such failure (a "**Request for Intercept**") to the Participant, DOE, the State Auditor, BFM and the Authority by no later than the close of business on the third Business Day following the Notice Date.

Upon receipt of the Request for Intercept, the Agreement provides that the Authority shall provide a written notice (an "**Intercept Notice**") to DOE and the State Auditor, with copies to the Participant and BFM:

(a) stating that the Authority has received a Delinquency Notice with respect to the Participant and that the Participant has failed to immediately cure such Delinquency,

(b) requesting DOE to deduct from amounts otherwise due to the Participant for the apportionment of State Aid to education funds or other amounts under Title 13 the amount required to pay the Delinquent Amount, and

(c) directing the State Auditor to issue a warrant for the full amount of the Delinquent amount specified in the Intercept Notice from the Authority, or such lesser amount as has been appropriated for the current fiscal year and not yet distributed pursuant to Section 13-13-74 and to pay the amount so deducted to the Paying Agent specified by the Authority in such written notice.

Any amount paid to the Paying Agent pursuant to the procedures in the Agreement shall be deducted from the remaining amount of State Aid to education funds otherwise payable to the Participant under Title 13, thereby reducing the amount payable pursuant to Section 13-13-74. The amount payable to the Paying Agent pursuant to the State Aid Pledge Agreement in any fiscal year may not exceed the amount of State Aid to education funds appropriated and not yet paid to or for the benefit of the Participant for the current fiscal year.

Limitation of State Aid Pledge

The pledge of State Aid does not constitute a guarantee by the State or the Authority of the Bonds or the payment of any principal or interest with respect to the Bonds under the State Aid Pledge Agreement, the obligation of the State to divert state funds to a Paying Agent following a Delinquency by a Participant as described above is limited in any fiscal year to the amount of State Aid appropriated by the State legislature to such Participant for such fiscal year, reduced by the amount of State Aid paid to such Participant during such fiscal year prior to the Delinquency.

Covenants of the Participant

Under the Agreement, a Participant covenants and agrees, among other things, as follows:

(a) So long as any Enhanced Obligations or Enhanced Parity Obligations remain outstanding, the outstanding Enhanced Obligations and all Enhanced Parity Obligations shall be payable by the same Paying Agent. The Participant agrees that it will not remove the Paying Agent as bond registrar and paying agent with respect to the Enhanced Obligations unless and until a successor bond registrar and paying agent has been designated by the Participant and such successor Paying Agent has entered into an assignment and assumption agreement in a form and in substance acceptable to the Authority. Such assignment and assumption agreement shall provide that any such successor Paying Agent shall succeed to all rights, covenants and obligations of the Paying Agent hereunder;

(b) The Participant shall not pledge State Aid to education funds or other amounts under SDCL Title 13 for any other purpose and if any such pledge is made for any other purpose, such pledge shall be voidable at the election of the Authority pursuant to SDCL Section 13-13-39;

(c) In addition, the Participant agrees to indemnify and hold harmless the Authority, the Paying Agent, DOE, the State Auditor and BFM and their respective members, officers, employees and agents (collectively, the "**Indemnitees**") from and against any and all losses and other claims related to participation in the Program; and

(d) The Agreement may be amended or supplemented as provided therein and reference is hereby made to such Agreement for all relevant provisions concerning such amendment.

Certain Definitions

In addition to other terms defined above, the following terms shall have the following meanings with respect to the Program:

"**Business Day**" means any day which is not (i) Saturday, Sunday or other day on which banking institutions in the State of New York or the state in which the Principal Office of the Paying Agent is located are authorized by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

"**Delinquent Amount**" means (i) regarding a Delinquency with respect to a Payment Date on which principal is due, all principal, interest, and other amounts coming due with respect to the Enhanced Obligations and on the Enhanced Parity Obligations on such date and on the next occurring Payment Date, and (ii) regarding a Delinquency with respect to a Payment Date on which only interest is due, all interest, and other amounts coming due with respect to the Enhanced Obligations or Enhanced Parity Obligations on such date.

"**Enhanced Parity Obligations**" means any bond, note, certificate or other obligation of the Participant which is secured by Pledged State Aid and is still "outstanding" under the resolution, indenture or other instrument pursuant to which it was issued.

Upon the issuance of the Bonds, the Enhanced Parity Obligations of the District will include:

(i) Limited Tax Capital Outlay Refunding Certificates, Series 2017A
(ii) Limited Tax Capital Outlay Refunding Certificates, Series 2017B
(iii) Limited Tax Capital Outlay Refunding Certificates, Series 2017C
(iv) Limited Tax Capital Outlay Refunding Certificates, Taxable Series 2021
(v) General Obligation Refunding Bonds, Taxable Series 2021, and
(vi) General Obligation Bonds, Series 2022

"**Principal or Interest Payment Date**" means any principal or interest payment date for the Enhanced Obligations.

"**Paying Agent**" means the paying agent for the Enhanced Obligations.

"**Resolution**" means the resolution and/or indenture of trust which authorizes the issuance of the Enhanced Obligations by the Participant.

STATE OF SOUTH DAKOTA CREDIT ENHANCEMENT

South Dakota Education Funding Formula Generally

The amount of State Aid provided to local school districts for general K-12 education is based on a formula that begins with a base amount of funding per student each year, as determined by the state legislature. For individual school districts, this base funding level is often referred to as the "local need." The local need for each school district is funded from two sources: (1) a combination of money received by the district through local property taxes and other sources (referred to as the "local effort"); and (2) general fund and other State Aid paid out to school districts over the course of the year in monthly installments. The amount of State Aid provided to each school district is calculated by subtracting its "local effort" from its "local need." For more information on the State's education funding formula, refer to the tab "State Aid Issue Brief" under "State Aid" in the index for the Department of Education's web site at www.doe.sd.gov.

Historical State Aid

The following table reflects the total amount of State Aid received by the District for the past five fiscal years.

District Fiscal Year End June 30	Total State Aid Received
2025	$100,835,717
2024	96,074,052
2023	89,156,444
2022	81,476,433
2021	79,768,538

Source: South Dakota State Department of Education

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State Aid Pledge Program Debt Service Coverage*

The following table shows the estimated amount of debt service coverage on the Bonds and the Enhanced Parity Obligations divided by the amount of State Aid available on each August 1 (principal and interest) and February 1 (interest only) payment date for the Bonds and the Enhanced Parity Obligations. The amounts shown are based on actual monthly State Aid receipts by the District for the 2024-2025 school year.

Payment Date	Total Debt Service	State Aid Available	Coverage
08/01/26	14,606,822.79	105,206,045.00	7.20
02/01/27	5,708,275.16	52,603,022.50	9.22
08/01/27	14,649,470.16	105,206,045.00	7.18
02/01/28	6,410,990.46	52,603,022.50	8.21
08/01/28	14,722,610.46	105,206,045.00	7.15
02/01/29	6,345,485.28	52,603,022.50	8.29
08/01/29	14,786,390.58	105,206,045.00	7.12
02/01/30	5,603,534.43	52,603,022.50	9.39
08/01/30	14,202,609.83	105,206,045.00	7.41
02/01/31	5,528,911.73	52,603,022.50	9.51
08/01/31	12,914,778.30	105,206,045.00	8.15
02/01/32	4,060,261.85	52,603,022.50	12.96
08/01/32	13,010,721.05	105,206,045.00	8.09
02/01/33	3,973,347.40	52,603,022.50	13.24
08/01/33	13,112,369.20	105,206,045.00	8.02
02/01/34	1,976,527.45	52,603,022.50	26.61
08/01/34	11,317,351.85	105,206,045.00	9.30
02/01/35	1,871,082.55	52,603,022.50	28.11
08/01/35	11,431,587.05	105,206,045.00	9.20
02/01/36	1,297,694.15	52,603,022.50	40.54
08/01/36	11,097,694.15	105,206,045.00	9.48
02/01/37	1,175,586.15	52,603,022.50	44.75
08/01/37	11,230,586.15	105,206,045.00	9.37
02/01/38	1,046,278.85	52,603,022.50	50.28
08/01/38	11,361,278.85	105,206,045.00	9.26
02/01/39	911,049.20	52,603,022.50	57.74
08/01/39	11,506,049.20	105,206,045.00	9.14
02/01/40	769,500.00	52,603,022.50	68.36
08/01/40	7,454,500.00	105,206,045.00	14.11
02/01/41	669,225.00	52,603,022.50	78.60
08/01/41	7,559,225.00	105,206,045.00	13.92
02/01/42	565,875.00	52,603,022.50	92.96
08/01/42	7,665,875.00	105,206,045.00	13.72
02/01/43	459,375.00	52,603,022.50	114.51
08/01/43	7,774,375.00	105,206,045.00	13.53
02/01/44	349,650.00	52,603,022.50	150.44
08/01/44	7,889,650.00	105,206,045.00	13.33
02/01/45	236,550.00	52,603,022.50	222.38
08/01/45	8,001,550.00	105,206,047.00	13.15
02/01/46	120,075.00	52,603,022.50	438.08
08/01/46	8,125,075.00	105,206,049.00	12.95

* Preliminary; subject to change.

TAX INCREMENT DISTRICTS AND DISCRETIONARY PROPERTY TAX REDUCTION

State law provides a property tax incentive for new and/or improved commercial and/or industrial businesses. A discretionary property tax reduction formula is applied to construction completed by the first day of November preceding the assessment. Counties and cities have the option of implementing this formula to promote new agricultural and commercial construction; the tax incentive is available for up to five years. South Dakota Codified Laws, Section 10-12-44(2) provides when a city or county grants a property tax reduction, the amount of tax revenue lost to the district, for its general and special education funds by reason of such property tax reduction, shall be levied by the county against the taxable property in such district.

In addition to the discretionary property tax reduction formula described above, municipalities and counties may also create tax increment districts. At the time an increment district is certified, there exists an assessed value within its boundary. This value constitutes the base value for the increment district, and a school district can collect taxes only on the amount of the base value. The additional valuation has the same levy applied but the dollars collected are segregated to pay costs of public improvements within the increment district, including the retirement of tax incremental revenue bonds. South Dakota Codified Laws, Section 10-12-44(1) provides that for tax increment districts formed after February 28, 1994, the amount of tax revenue lost to a school district, for its general and special education funds by reason of such tax increment district, shall be levied by the county against all taxable property in such school district.

DEBT LIMITATIONS*

Under the South Dakota Constitution the total indebtedness of a school district may not exceed 10% of the assessed value of the property within such school district. South Dakota state law further provides that the portion of the total debt represented by capital outlay certificates may not exceed 3% of a school district's taxable valuation.

Upon the issuance of the Bonds, the aggregate principal amount of the District's total indebtedness is estimated to be $228,425,000, which will constitute approximately 1.09% of the District's current assessed valuation. The District's debt margin after giving effect to the issuance of the Bonds is as follows:

Constitutional Debt Limit (10% of Assessed Value)	$2,098,620,007
Less Outstanding Capital Outlay Certificates	(49,985,000)
Less Outstanding General Obligation Bonds (including the Bonds)	(178,440,000)
Debt Margin	$1,870,195,007

For more information, see Appendix A attached hereto.

TAX MATTERS

General

In the opinion of Bond Counsel, under federal and State laws, regulations, rulings and decisions in effect on the date of issuance of the Bonds, interest on the Bonds is not includable in gross income for federal income tax purposes. Interest on the Bonds is includable in gross income for State income tax purposes when the owner is a financial institution as defined in South Dakota Codified Laws, Chapter 10-43.

The Internal Revenue Code of 1986, as amended (the "**Code**") imposes continuing requirements that must be met after the issuance of the Bonds in order for interest thereon to be and remain not includable in

* Preliminary; subject to change.

gross income for purposes of federal income taxation. Noncompliance with such requirements may cause the interest on the Bonds to be includable in gross income for purposes of federal income taxation, either prospectively or retroactive to the date of issuance of the Bonds. These requirements include, but are not limited to, provisions requiring that certain investment earnings must be rebated on a periodic basis to the Treasury Department of the United States.

Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code and is includable in net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. Interest on the Bonds may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits.

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and financial institutions described in Section 265(b)(5) of the Code may treat the Bonds for purposes of Sections 265(b)(2) and 291(e)(1)(b) of the Code as if they were acquired on August 7, 1986. Noncompliance with certain continuing requirements of the Code referred to above, however, may cause the Bonds to lose their status as "qualified tax-exempt obligations" retroactive to their date of issuance.

For individuals who are or may become recipients of social security benefits (including railroad retirement benefits), interest on the Bonds is includable in computing "modified adjusted gross income" for purposes of determining the amount of social security benefits, if any, that is required to be included in gross income under Section 86 of the Code.

In the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) of the Code is reduced by an amount equal to fifteen percent (15%) of the interest on the Bonds that is received or accrued during the taxable year.

Original Issue Premium

Certain Bonds are being issued at a premium to the respective principal amounts payable at maturity. Except in the case of dealers, which are subject to special rules, Bond holders who acquire Bonds at a premium must, from time to time, reduce their federal and state tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such Bonds. Premium generally is amortized for federal and state income and franchise tax purposes on the basis of a Bond holder's constant yield to maturity or to certain call dates with semiannual compounding. Bond holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal or state income tax purposes. Bond holders who acquire Bonds at a premium should consult their tax advisors concerning the calculation of Bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling Bonds acquired at a premium.

The foregoing discussion of the collateral federal tax consequences which may arise from the receipt of interest on the Bonds is not intended to be comprehensive. All prospective purchasers or holders of the Bonds should consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "**Annual Report**") by not later than twelve months following the end of the District's fiscal year (currently ending June 30), or such later date as when the Annual Report or portions thereof become available, commencing with the report for the fiscal year ended June 30, 2026 (which is due no later than June 30, 2027 or such later date as when the Annual Report or portions thereof become available) and to provide notices of the occurrence of certain enumerated events (the "**Listed Events**"). The District will file or cause to be filed the Annual Report and the notices of Listed Events with the Municipal Securities Rulemaking Board (the "**MSRB**"). The specific information to be contained in the Annual Report or the notices of Listed Events is described in the Continuing Disclosure Certificate (the "**Disclosure Certificate**"), the form of which is attached hereto in APPENDIX C: "FORM OF CONTINUING DISCLOSURE CERTIFICATE" hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the "**Rule**").

Each Annual Report and any notices of Listed Events will be filed by the District or its dissemination agent with the MSRB through its Electronic Municipal Market Access system ("**EMMA**"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the District or the Bonds is incorporated by reference in this Official Statement.

A failure by the District to comply with the Disclosure Certificate will not constitute an event of default with respect to the Bonds, although any holder will have any available remedy at law or in equity, including seeking specific performance by court order, to cause the District to comply with its obligations under the Disclosure Certificate. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Rule requires that the District disclose in this Official Statement any instances in the previous five years in which the District failed to comply, in all material respects, with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule. In connection with the prior issuance of certain municipal securities of the District, the District entered into separate continuing disclosure undertakings (the "**Prior Undertakings**") in written agreements specified in paragraphs (b)(5)(i) of the Rule. During the previous five years, the District did not file certain annual operating data for its fiscal year ended June 30, 2021, did not link to all applicable issues notice of a rating change, did not timely file to one issue certain annual operating data for its fiscal years ended June 30, 2023 and 2024, did not link to all maturities a notice of consideration of secondary market purchases, in connection with one issue did not link to all maturities annual operating data for its fiscal year ended June 30, 2022, and did not file notices of its failures to provide the aforementioned information on or before the date specified in the Prior Undertakings.

LEGAL OPINION

The approving opinion of Meierhenry Sargent LLP ("**Bond Counsel**") will affirm, among other things, that the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State and constitute valid and legally binding obligations of the District, and that the District has the power and is obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all the property within the District subject to taxation by the District without limitation as to rate or amount. The rights of the holders of the Bonds and the enforceability thereof may be subject to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

The Underwriter is being represented by Kutak Rock LLP, Omaha, Nebraska.

FINANCIAL STATEMENTS

The financial statements of the District included in Appendix B to this Official Statement for the fiscal year ended June 30, 2025 have been audited by RSM US LLP, Certified Public Accountants, Sioux Falls, South Dakota, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports. The auditors have not been asked to review the information in this Official Statement, to express any opinion with respect thereto, to update or revise their report in light thereof or to provide their consent to the inclusion of the financial statements and report in this Official Statement.

RATINGS

S&P Global Ratings, a Standard and Poor's Financial Services LLC business ("**S&P**"), has assigned the Bonds a rating of "____" based on the rating and credit of the District and the State Aid Pledge Program. S&P has also assigned the District a rating of "AA." A rating is not a recommendation to buy, sell or hold the Bonds. Any desired explanation of the significance of the ratings should be obtained from S&P. The District furnished S&P with certain information and materials relating to the Bonds and the District, and the Authority furnished S&P with certain information and materials relating to the State Aid Pledge Program, which have not been included in this Official Statement. Generally, a rating agency bases its rating on the information and materials so furnished and on investigations, studies and assumptions made by such rating agency. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Except as set forth in APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE, neither the District nor the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the ratings of the Bonds or of the District or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Bonds.

LITIGATION AND DEFAULT

Upon delivery of the Bonds, the District will certify that there is no litigation, suit or other proceeding of any kind pending, or to its knowledge threatened, (a) seeking to restrain or enjoin the adoption of the Resolution, the issuance or delivery of the Bonds or the execution and delivery of the District Documents (as such term is defined in the Purchase Agreement), (b) contesting, disputing or affecting in any way (i) the legal organization of the District or its boundaries, (ii) the right or title of any of its officers to their respective offices, (iii) the legality of any of its official acts shown to have been done in the transcript relating to such Bonds, (iv) the constitutionality or validity of such Bonds or the indebtedness represented by such Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof, (v) the legality, validity or enforceability of the Resolution or any of the Bond documents, (vi) the power or authority of the District to levy and collect ad valorem taxes as set forth in the Resolution to pay the principal of, premium, if any, and interest on such Bonds, or (vii) the federal or State tax exempt status of the interest on such Bonds, or (c) that could have a material adverse effect on the financial condition or operations of the District or its ability to make payments on the Bonds or to perform its agreements and obligations under the Resolution or the Bond documents.

The District has never defaulted in the payment of principal or interest on any debt obligation.

UNDERWRITING

The Bonds are being purchased by D.A. Davidson & Co., Omaha, Nebraska (the "**Underwriter**") pursuant to a bond purchase agreement (the "**Purchase Agreement**") between the District and the Underwriter. The Underwriter has agreed, subject to certain conditions described in the Purchase Agreement, to purchase the Bonds from the District at a purchase price equal to $ _________ ($__________ aggregate principal amount of the Bonds, plus [net] original issue premium of $____________, less the Underwriter's discount of $___________), plus accrued interest, if any. The Underwriter will purchase all the Bonds if any of the Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriter(s) in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices. In connection with this offering, the Underwriter may overallot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

While the Underwriter expects, insofar as possible, to maintain a secondary market for the Bonds, no assurance can be given concerning the future maintenance of such a market by the Underwriter or others, and prospective purchasers of the Bonds should therefore be prepared to hold their Bonds to their maturity.

The Underwriter is not acting as a financial advisor to the District in connection with the offer and sale of the Bonds.

MISCELLANEOUS

The information set forth in this Official Statement has been obtained from the District and from other sources believed to be reliable, but is not guaranteed as to accuracy or completeness. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. This Official Statement is dated as set forth on the cover page hereof and the information contained herein is subject to change.

All estimates and assumptions herein have been made on the basis of the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are current or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly stated, they are intended merely as such and not as representations of fact.

The information hereinabove set forth, and that which follows in the Appendices, should not be construed as representing all of the conditions affecting the District or the Bonds.

APPENDIX A

SIOUX FALLS SCHOOL DISTRICT NO. 49-5

SELECTED FINANCIAL, STATISTICAL AND GENERAL INFORMATION

APPENDIX A

SIOUX FALLS SCHOOL DISTRICT NO. 49-5
SELECTED FINANCIAL, STATISTICAL AND GENERAL INFORMATION

SELECTED FINANCIAL AND STATISTICAL INFORMATION

Current Taxable Valuation	$19,841,867,142
Direct Debt	
G.O. Bonded Debt (excludes this Issue)	$179,460,000*
Capital Outlay Certificates	$48,795,000
Total Direct Debt	$228,255,000*
Ratio of Direct Debt to Taxable Valuation of School District	1.15%*
Overlapping G.O. Debt	
Minnehaha County Taxable Valuation	$26,381,736,682
G.O. Debt Outstanding	$86,655,000
Amount Applicable to the School District (65.34%)	$56,620,377
Lincoln County Taxable Valuation	$12,403,650,862
G.O. Debt Outstanding	$58,250,000
Amount Applicable to the School District (21.94%)	$12,780,050
Underlying G.O. Debt:	
City of Sioux Falls	None
Total Direct, Overlapping and Underlying Debt	$297,655,427*
Ratio of Direct, Overlapping and Underlying Debt to School District Taxable Valuation	1.50%*
Population (est.) of School District	163,776
Total Debt Outstanding per Capita	$1,817.45*
Square miles in School District	76
Acres in School District	48,640
Total Debt per Acre	$6,119.56*
Sioux Falls School District Enrollment (October 1, 2025)	24,841

* *Preliminary; subject to change. Excludes the Bonds offered herein.*

District Valuation History

Levy Year	Agricultural Value	Owner Occupied Single Family Home	Non-Agricultural Z Value	Other Non-Agriculture/ Utilities	Total Value
2025	$13,113,262	$11,389,644,829	0	$8,439,109,051	$19,841,867,142
2024	13,137,328	11,048,387,221	0	7,946,231,199	19,007,755,748
2023	15,348,649	10,849,608,597	0	7,302,230,518	18,167,187,764
2022	14,033,128	9,466,928,437	0	6,689,277,666	16,170,239,231
2021	14,940,552	8,016,734,872	0	6,095,635,316	14,127,310,740

Source –South Dakota Department of Revenue

District Historical Property Tax Collections

Calendar Year Levied	Calendar Year Payable	Property Taxes Levied	Total Property Taxes Collected	Percent Collected*
2025	2026*	$147,106,690	$ 67,368,134	45.80%
2024	2025	144,535,596	142,727,851	98.75%
2023	2024	166,014,694	163,220,457	98.32%
2022	2023	157,456,855	156,309,223	99.27%
2021	2022	141,043,017	140,137,933	99.36%

*As of April 30, 2026
Source – Sioux Falls School District Business Manager

District Historical General Fund Tax Collections

Calendar Year Levied	Calendar Year Payable	General Fund Taxes Levied	Total General Fund Taxes Collected	Percent Collected*
2025	2026*	$74,753,433	$33,478,451	44.79%
2024	2025	75,115,872	74,212,437	98.80%
2023	2024	88,437,465	86,894,856	98.26%
2022	2023	82,783,806	82,111,952	99.19%
2021	2022	74,884,803	74,398,500	99.35%

*As of April 30, 2026
Source – Sioux Falls School District Business Manager

GENERAL INFORMATION CONCERNING THE DISTRICT

General

Sioux Falls School District 49-5 is located in the southeastern corner of South Dakota. The District has a total area of 76 square miles (48,640 acres) and estimates its current population to be approximately 163,776.

The District offices are located in Sioux Falls, SD. The City of Sioux Falls is the county seat for Minnehaha County. The City of Sioux Falls is a service and trade center for the southeastern part of South Dakota, southwestern Minnesota, and northwestern Iowa.

Sioux Falls School District No. 49-5 is located primarily in Minnehaha County, South Dakota and includes most of the City of Sioux Falls and a small portion of Lincoln County. Portions of the City of Sioux Falls are in the Brandon, Harrisburg, Tea, and Tri Valley School districts.

Governance and Administration

The District is governed by a five (5) member school board (the "**Board**"), the members of which are elected on a rotation. Present members are listed below:

Name	Office
Nan Kelly	President
Mark Murren	Vice President
Dawn Marie Johnson	Member
Gail L. Swenson	Member
Elizabeth Duffy	Member

The administration of Board policies is the responsibility of the District's Superintendent, Dr. James Nold, who has served as Superintendent of Schools since July 1, 2025.

The business affairs of the District are managed by its Business Manager, Todd Vik, who has served as the Business Manager for 25 years and who will retire on 6/30/26. Cameron Kerkhove will take over as Business Manager for the District on 07/01/26.

District Enrollment History

The number of students in the fall enrollment count for current and previous five years is as follows:

School Year	K-8	9-12	Total
2020/21	16,806	7,107	2,3913
2021/22	16,738	7,242,	23,980
2022/23	16,883	7,393	24,276
2023/24	16,815	7,536	24,351
2024/25	16,630	7,579	24,209
2025/26	16,505	7,471	23,977

Fall enrollment for the next three years is projected to be as follows:

Year	K-8	9-12	Total
2026/27	16,397	7,468	23,865
2027/28	16,304	7,355	23,659
2028/29	16,113	7,179	23,292

Source: Sioux Falls School District Business Manager

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Physical Facilities

The information set forth in the table below describes all of the traditional classroom buildings presently operated by the District. In addition to the traditional classroom buildings, the District operates auxiliary education sites, administration, maintenance and athletic field facilities.

School Building	Grades	Date Constructed	Date Renovated/ Addition Added	Enrollment
Theodore Roosevelt HS	9-12	1991	1992, 2001, 2005, 2015, 2024	1,710
Lincoln High School	9-12	1965	1967, 91, 92, 93, ‘00, 06, 08, 11 22	1,876
Washington High School	9-12	1992	2001, 2005, 2015, 2017, 2024	1,741
Jefferson High School	9-12	2021		1,663
Career & Tech Ed Academy	9-12	2010	2016	198
Edison Middle School	6-8	1951	1958, 74,86, 91, 92, 01, 10	890
Memorial Middle School	6-8	1995	2015, 2020	1,121
Patrick Henry Middle School	6-8	1956	1961, 71, 91, 99, 2010, 16,23	960
Whittier Middle School	6-8	1923	1929, 55, 61, 72, 78, 86, 90, 91, 98, 00, 09, 15	672
George McGovern Middle School	6-8	2014		839
Ben Reifle Middle School	6-8	2021		912
Jane Addams Elementary	K-5	1955	1965, 90, 98, 2005, 23	150
Laura B. Anderson Elem.	K-5	1951	1959, 65, 87, 00, 05, 15	278
Susan B Anthony Elementary	K-5	2015		483
Cleveland Elementary	K-5	1955	1961, 88, 98, 15, 23	381
Discovery Elementary	K-5	2004	2016	824
Harvey Dunn Elementary	K-5	1973	1986, 89, 03, 13	543
Eugene Field Elementary	K-5	1951	1959, 76, 92, 01, 15	428
Robert Frost Elementary	K-5	1965	1996, 08, 15, 21	531
Garfield Elementary	K-5	1951	1955, 98, 06, 15	477
John Harris Elementary	K-5	1991	1992, 08, 13, 20	657
Hawthorne Elementary	K-5	1984	2015, 2017	237
Hayward Elementary	K-5	1987	1998, 2015	682
Oscar Howe Elementary	K-5	1978	1998, 2008, 2013	582
John F. Kennedy Elem.	K-5	1987	1998, 2009	608
Lowell Elementary	K-5	1934	1966, 2002	356
Horace Mann Elementary	K-5	1951	1955, 58, 99, 21	69
Rosa Parks Elementary	K-5	2007	2011	642
R. F. Pettigrew Elementary	K-5	2010	2016	707
Renberg Elementary	K-5	1965	1985, 2001	163
Sonia Sotomayor Elementary	K-5	2016		669
Terry Redlin Elementary	K-5	1998	2016	383
Anne Sullivan Elementary	K-5	1994	2006, 15, 21	543
Laura Wilder Elementary	K-5	1955	1961, 79, 80, 01, 21	442
Total Enrollment (including Auxiliary Sites)				23,977

Source: Sioux Falls School District Business Manager

Employment/Staffing

The District currently employs 3,571 FTE, as follows:

Administrative staff	102
Teachers/Counselors/Librarians	1,885
Secretaries	153
Instructional / Librarian Aides	439
Custodians / Maintenance	221
Food Service	162
Post-Secondary	196
Nurses	34
Support Services	379

Pension Plans

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Laws 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% salary; Class B Judicial members, 9.0% of salary; contribute an amount equal to the employee's contribution.

The District's share of contributions to the SDRS for the last four fiscal years ending June 30 are as follows:

Years ended June 30	2022	2023	2024	2025
SDRS	$10,379,611	$11,187,937	$11,927,176	$12,466,706

Source: Sioux Falls School District 49-5 Business Manager

Teachers' Contracts

The School Board of the District recognizes the Sioux Falls Education Association as the exclusive bargaining agent on wages, hours and conditions of employment for all licensed instructional employees. Teachers are currently under contract until June 30, 2028.

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Insurance Coverage

Type of Coverage	Amount of Coverage
General Aggregate Limit	$3,000,000
Products Comp/Ops Aggregate Limit	2,000,000
Personal & Advertising Injury Limit	1,000,000
Each Occurrence Limit	1,000,000
Fire Damage Limit (any one fire)	50,000
Medical Expense Limit (any one person)	10,000

SUPPLEMENTAL AREA INFORMATION

Top 10 Taxpayers in the District

	Taxpayer	Type of Business	Taxable Valuation
1.	C.R. LLOYD ASSOCIATES INC	REAL ESTATE	$508,110,000
2.	SANFORD MEDICAL CENTER	HOSPITAL/MEDICAL	228,601,800
3.	TZADIK HIDDEN HILLS APARTMENTS	REAL ESTATE	118,126,600
4.	CARPENTER BUILDING LLC	FINANCE	108,852,000
5.	SM EMPIRE MALL LLC	RETAIL	69,448,700
6.	925 NORTH MAIN LLC	REAL ESTATE/RETAIL	63,272,500
7.	BILLION FAMILY LIMITED	REAL ESTATE	61,291,000
8.	RONNING COMMERCIAL LLC	REAL ESTATE	54,389,000
9.	FOXMOOR DEVELOPMENT LLC	REAL ESTATE	50,920,200
10.	SF WESTERN CENTER LLC	RETAIL	48,304,300
		Total	**$1,311,316,100**
	Percentage of School District's Valuation		**6.61%**

Largest Employers in the District

Company	Industry	Employees
Sanford Health/Good Samaritan Society	Medical	11,009
Avera	Medical	9,546
Sioux Falls School District 49-5	Education	3,571
Smithfield Foods	Food Processing	3,200
Hy-Vee Food Stores	Retail	2,295
City of Sioux Falls	Government	1,817
WalMart / Sam's Club	Retail / Wholesale	1,726
Wells Fargo	Banking / Finance	1,474
Veteran Affairs Medical & Regional Office	Government Medical	1,312
LifeScape	Medical / Social Srv	1,120
Citi	Banking / Finance	1,100
First PREMIER Bank/PREMIER Bankcard	Banking / Finance	1,029

Source – Sioux Falls Development Foundation

Population of the Sioux Falls MSA

Year	Sioux Falls MSA Population
1990	153,500
2000	187,093
2010	229,110
2020	277,458
2026	309,000

Source: U.S. Census. The Sioux Falls MSA includes the counties of Minnehaha, Lincoln, McCook and Turner

Labor Statistics

	Minnehaha County Average Annual	Average Annual Unemployment Rate	
Year	Civilian Labor Force	Minnehaha County	State of South Dakota
2026*	120,065	1.8%	1.7%
2025	120,973	2.0%	2.0%
2024	117,326	1.7%	1.7%
2023	115,558	1.8%	1.9%
2022	113,104	1.7%	1.9%

Source - South Dakota State Department of Labor
**Data available through April of 2026*

APPENDIX B

SIOUX FALLS SCHOOL DISTRICT NO. 49-5

INDEPENDENT AUDITOR'S REPORT

Sioux Falls School District 49-5

Financial Report
June 30, 2025

Independent Auditor's Report

To the School Board
Sioux Falls School District 49-5
Sioux Falls, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Sioux Falls School District 49-5 (the School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the School 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.

We did not audit the financial statements of Southeast Technical Institute Housing Foundation, which is presented as a sole discretely presented component unit of the School District as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southeast Technical Institute Housing Foundation, is based solely on the report of the other auditors.

Basis for Opinions

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

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, OPEB schedules, and budgetary comparison 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining balance sheets and combining statements of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, combining statements of net position, combining statements of revenues, expenses and changes in net position, and combining statements of cash flows– nonmajor proprietary funds, combining statements of fiduciary net position and combining statements of changes in fiduciary net position – custodial funds, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Aberdeen, South Dakota
March 27, 2026

This section of the annual financial report of the Sioux Falls School District 49-5 (the District) presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District's net position from governmental and business-type activities increased by approximately $14,500,000. Net position increased as a result of an increase in net investment in capital assets of approximately $24,000,000 and post-secondary vocational fund revenues in excess of expenditures of approximately $1,800,000. These were offset by capital outlay depreciation and other expenses in excess of capital outlay revenue of approximately $800,000, a decrease in SDRS pension net position of approximately $7,000,000, and a decrease in unrestricted net position of approximately $3,500,000.
- During the year, the District's total revenues of $424,592,280 were composed of general revenues in the amount of $320,936,665 and program revenues totaling $103,655,615.
- As of June 30, 2025, the District's governmental funds reported combined ending fund balances of $148,548,560, a decrease of $11,577,531 compared with the prior year. This decrease is mainly due to capital projects funds construction expenditures in excess of revenues of approximately $11,500,000 using prior-year proceeds from the issuance of Series 2022 General Obligation Bonds.
- The general fund reported a decrease in fund balance of $625,348 leaving an ending fund balance of $38,789,938. The unassigned portion of this ending fund balance was $37,261,154 or 16.08 percent of total general fund expenditures.

Overview of the Financial Statements

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and 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's government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like businesses, such as food services.
- Fiduciary fund statements provide information about the financial relationships—like flexible spending accounts for employees—in which the District acts solely as an agent for the benefit of others, to whom the resources belong.

Overview of the Financial Statements (Continued)

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in a single column in the basic financial statements.

Figure 1
Required Components of the Annual Financial Report of the Sioux Falls School District 49-5

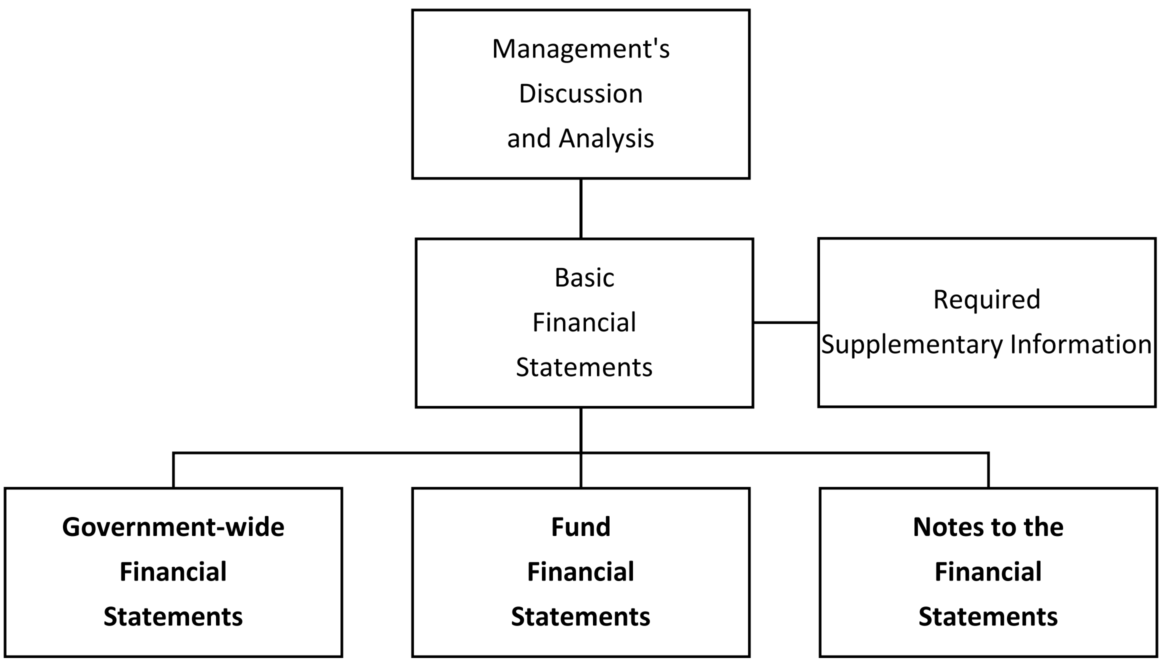


Figure 2 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Overview of the Financial Statements (Continued)

Figure 2 Major Features of Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements Governmental Funds	Fund Financial Statements Proprietary Funds	Fund Financial Statements Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses, such as food service and adult education	Instances in which the District is the 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 fund net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/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 or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's fiduciary 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 the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the 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 as well as deferred outflows and inflows of resources. 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 they have changed. Net position—the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources—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, you need to consider additional nonfinancial 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 three 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 charges fees to help cover the costs of providing certain services. Food services, adult education, and bookstore services are the major activities included here.
- Component unit: The District separately reports the activities of Southeast Technical Institute Housing Foundation.

The government-wide financial statements can be found on pages 20 and 21 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant, or "major," 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 paying the District's general obligation bonds, managing construction projects, or managing medical insurance premiums and claims).

Fund Financial Statements (Continued)

The District has three kinds of funds:

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

  The Sioux Falls School District maintains 11 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, capital outlay, special education, and post-secondary vocational funds since these are considered major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 22 through 27 of this report.

- 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.

  - Enterprise funds (one type of proprietary fund) are the District's business-type activities reported on the government-wide financial statements, but the fund statements provide more detail and additional information, such as cash flows.

  - Internal service funds (the other kind of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District has two internal service funds—the Group Health Insurance Fund and the Reprographics Fund.

The basic proprietary fund financial statements can be found on pages 30 through 32 of this report.

- Fiduciary funds: The District is the agent, or fiduciary, for assets that belong to others, such as flexible spending accounts for employees. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The basic fiduciary fund financial statements can be found on pages 33 and 34 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 63 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This information is in the form of budgetary comparison schedules for the District's four major governmental funds and excludes major capital project funds. These schedules are accompanied by notes to the required supplementary information which explain the schedules and contain certain other budgetary information. Required supplementary information and notes can be found on pages 64 through 77 of this report.

The combining statements for the nonmajor funds referred to earlier are presented immediately following the required supplementary information on the pension schedules.

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was as follows:

Table 1
Sioux Falls School District 49-5
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Assets						
Current and other assets	$296,526,865	$297,114,248	$ 9,354,125	$ 9,319,407	$305,880,990	$306,433,655
Capital assets, net	423,540,090	442,768,349	4,624,806	4,280,287	$428,164,896	447,048,636
Total assets	720,066,955	739,882,597	13,978,931	13,599,694	734,045,886	753,482,291
Deferred Outflows of Resources	83,337,026	74,351,467	3,645,830	3,194,077	86,982,856	77,545,544
Liabilities						
Long-term liabilities	252,530,948	235,146,461	-	-	252,530,948	235,146,461
Other liabilities	97,619,214	106,785,279	4,170,121	4,189,063	101,789,335	110,974,342
Total liabilities	350,150,162	341,931,740	4,170,121	4,189,063	354,320,283	346,120,803
Deferred Inflows of Resources	120,345,272	123,846,245	2,121,549	2,257,985	122,466,821	126,104,230
Net Position						
Net investment in capital assets	193,296,508	217,893,500	4,624,806	4,280,287	197,921,314	222,173,787
Restricted	117,170,402	111,401,346	1,384,367	978,815	118,554,769	112,380,161
Unrestricted	22,441,637	19,161,233	5,323,918	5,087,621	27,765,555	24,248,854
Total net position	$332,908,547	$348,456,079	$ 11,333,091	$ 10,346,723	$344,241,638	$358,802,802

Financial Analysis of the District as a Whole (Continued)

Net Position (Continued)

By far, the largest portion of the District's total assets reflects its net investment in capital assets. These capital assets are used to provide educational services; consequently, they are not available for future spending. The District's net investment in capital assets was $222,173,787. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Total net capital assets increased as a result of construction and renovation activities of the Capital Improvement Plan, Elementary School Project, and Middle School Project Funds in excess of depreciation.

Current and other assets increased by $552,655 from June 30, 2024, to June 30, 2025, mainly due to an increase in cash and cash equivalents, offset by a decrease in other receivables. The decrease of deferred outflows of resources of $9,437,312, and the increase in deferred inflows of resources of $3,637,409 are primarily attributable to the difference between projected and actual return on pension plan assets and changes in assumptions of the South Dakota Retirement System (SDRS) Pension Trust Fund. Total liabilities decreased by $8,199,480, mainly due to the payment of regularly scheduled principal of long-term debt of approximately $17,000,000, partially offset by an increase in accounts payable and other current liabilities of approximately $10,000,000.

As of June 30, 2025, the District reported $112,380,161 of net position that is subject to external restrictions on how they may be used. This restricted net position includes all of the District's special revenue funds, since State statute dictates that this position be used for the specific purposes of the funds, such as for capital outlay, special education, and post-secondary education purposes. Restricted net position also includes the District's proportionate share of SDRS pension-related amounts. Restricted net position decreased by $6,174,608 during the year ended June 30, 2025, due to a decrease in net position restricted for capital outlay and special education purposes of approximately $1,200,000 and a decrease in net position restricted for SDRS pension purposes of approximately $7,000,000, partially offset by an increase in net position restricted for post-secondary vocational purposes of approximately $1,800,000.

The District's unrestricted net position decreased by approximately $3,500,000, mainly due to expenditures exceeding revenues of approximately $600,000 in the general fund and approximately $1,000,000 in enterprise funds, plus the remainder of the change in net assets.

Financial Analysis of the District as a Whole (Continued)

Changes in Net Position

The District's combined revenues and expenses were as follows:

Table 2
Sioux Falls School District 49-5
Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Revenues						
Program Revenues						
Charges for services	$ 21,692,076	$ 18,726,720	$ 19,674,085	$ 21,638,701	$ 41,366,161	$ 40,365,421
Operating grants and contributions	61,670,699	50,001,004	10,293,246	11,112,478	71,963,945	61,113,482
Capital grants and contributions	61,914	2,176,712	-	-	61,914	2,176,712
General Revenues						
Taxes	161,621,564	167,754,218	-	-	161,621,564	167,754,218
Revenue from state sources	118,956,037	125,450,505	-	-	118,956,037	125,450,505
Revenue from federal sources	1,581,304	2,279,449	-	-	1,581,304	2,279,449
Other general revenues	14,402,357	17,934,936	-	6,678	14,402,357	17,941,614
Unrestricted investment earnings	8,377,876	7,405,845	203,524	105,034	8,581,400	7,510,879
Total revenues	388,363,827	391,729,389	30,170,855	32,862,891	418,534,682	424,592,280
Expenses						
Instruction	205,450,936	212,879,485	-	-	205,450,936	212,879,485
Support services	131,354,583	142,526,873	-	-	131,354,583	142,526,873
Community services	302,417	240,107	12,248,773	13,467,891	12,551,190	13,707,998
Nonprogrammed charges	1,668,621	1,469,243	-	-	1,668,621	1,469,243
Co-curricular activities	8,509,826	10,501,136	-	-	8,509,826	10,501,136
Debt service	8,860,631	8,439,572	-	-	8,860,631	8,439,572
Food services	-	-	16,762,937	17,233,483	16,762,937	17,233,483
Post-secondary bookstore services	-	-	2,164,576	2,524,797	2,164,576	2,524,797
Post-secondary childcare	-	-	426,603	466,745	426,603	466,745
House construction	-	-	396,248	281,784	396,248	281,784
Total expenses	356,147,014	376,056,416	31,999,137	33,974,700	388,146,151	410,031,116
Increase (decrease) in net position before transfers	32,216,813	15,672,973	(1,828,282)	(1,111,809)	30,388,531	14,561,164
Transfers	(85,000)	(125,441)	85,000	125,441	-	-
Change in net position	32,131,813	15,547,532	(1,743,282)	(986,368)	30,388,531	14,561,164
Net position-beginning	300,776,734	332,908,547	13,076,373	11,333,091	313,853,107	344,241,638
Net position-ending	$332,908,547	$348,456,079	$ 11,333,091	$ 10,346,723	$344,241,638	$358,802,802

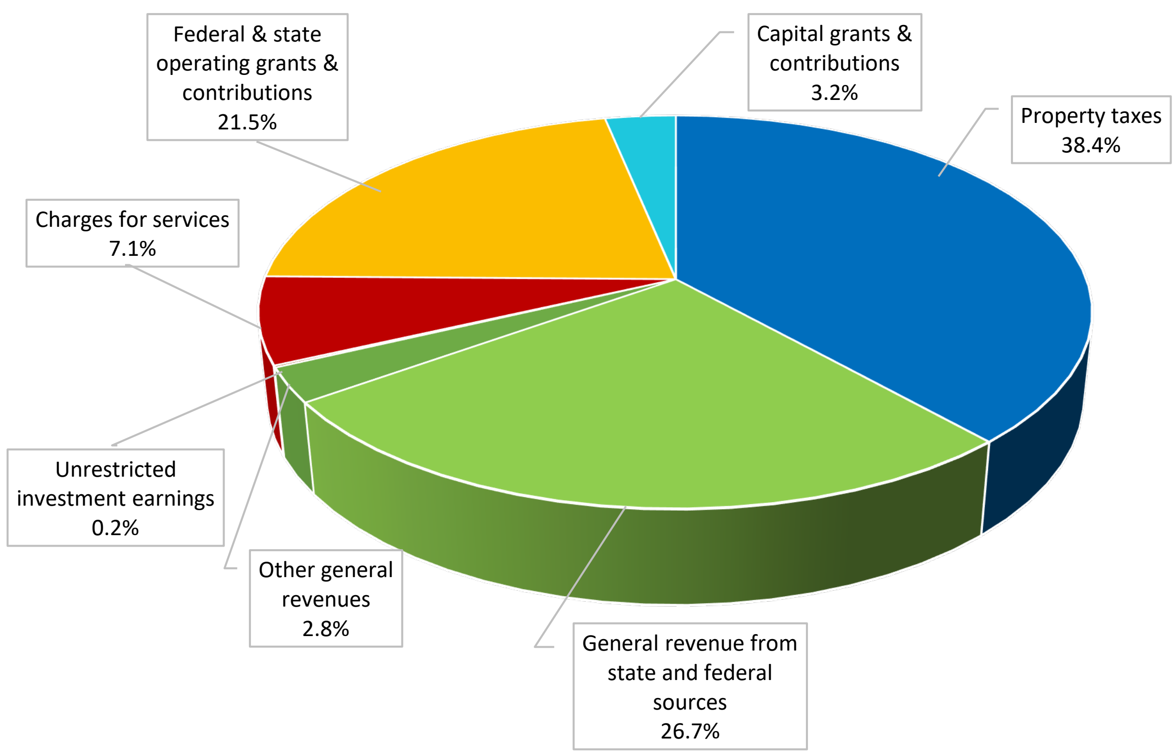
Financial Analysis of the District as a Whole (Continued)

Changes in Net Position (Continued)

The District's total revenues increased by $6,057,598 mainly due to an increase in state aid and property taxes of approximately $12,600,000, an increase in capital grants and contributions of approximately $2,100,000, and an increase in other general revenues of approximately $3,500,000. These were partially offset by a decrease in charges for services of approximately $1,000,000, a decrease in operating grants and contributions of approximately $10,800,000, and a decrease in investment earnings of approximately $1,000,000.

Over one-third of the District's revenue comes from property and other taxes, and approximately one-fourth comes from general state aid. (See Figure 3.)

Figure 3
Sioux Falls School District 49-5
Sources of Revenues for Fiscal Year 2025



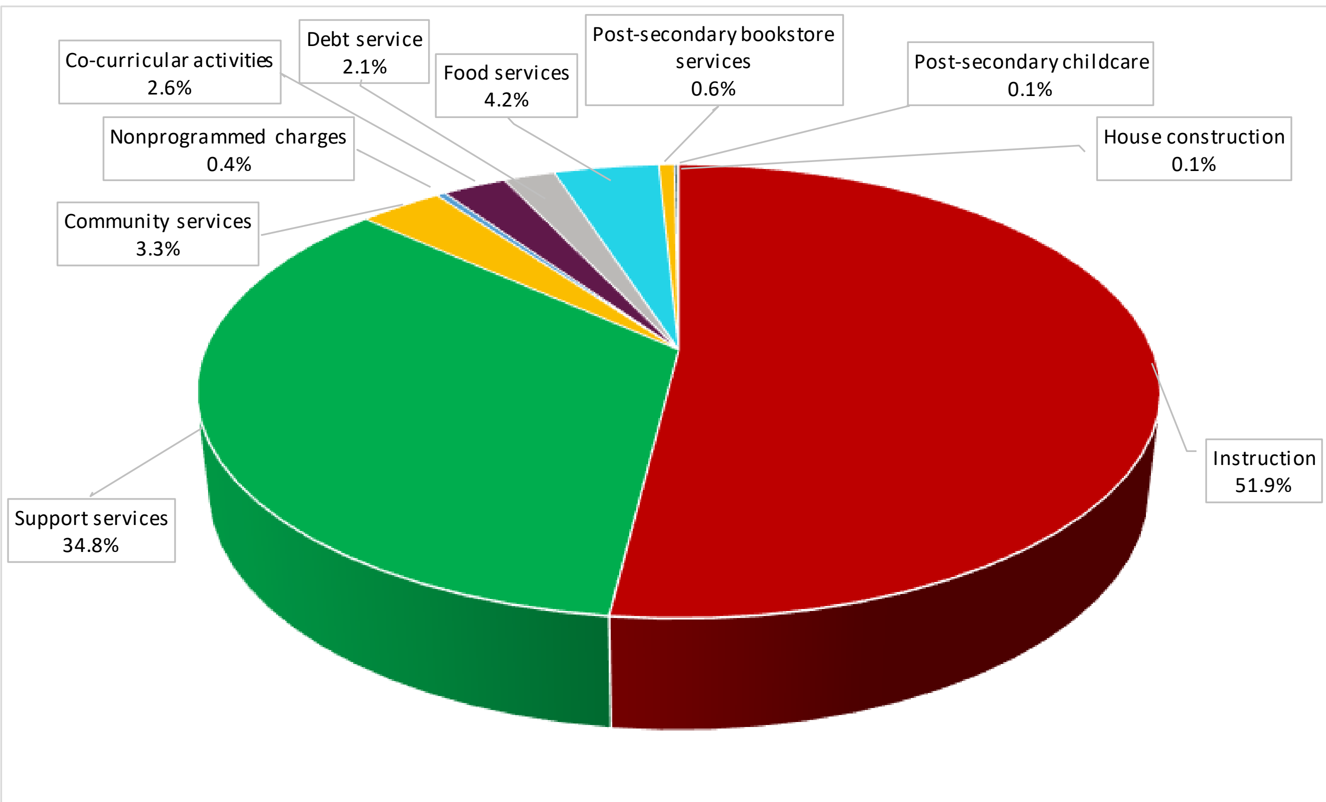
Financial Analysis of the District as a Whole (Continued)

Changes in Net Position (Continued)

The District's total expenses for 2025 were $410,031,116, representing an increase of $21,884,965.

Over half of the total expenses were spent on instruction with approximately one-third for support services. (See Figure 4.)

Figure 4
Sioux Falls School District 49-5
Functional Expense for Fiscal Year 2025



Financial Analysis of the District's Funds

Governmental Funds

The focus of the Sioux Falls School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $148,548,560, a decrease of $11,577,531 during the current fiscal year. Approximately 25.08 percent of the ending fund balances, or $37,261,154, constitutes unassigned fund balances, which are generally available for spending at the District's discretion. Approximately 1.00 percent, or $1,491,799, constitutes assigned fund balance for the hail damage project fund. Restricted fund balances are amounts restricted to specific purposes by law or creditors and include amounts in special revenue funds that can be spent at the District's discretion within the purposes of the funds. These restricted special revenue fund balances are within the 1) capital outlay fund $64,663,131; 2) special education fund $10,155,980; and 3) post-secondary vocational fund $8,778,840. Additional fund balances restricted or committed for specific purposes include 1) debt service $12,423,676; and 2) construction projects $11,974,639. The remainder of the fund balances are amounts that cannot be spent and consist of $1,799,341 of inventory and prepaid expenses.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $37,261,154, while total fund balance was $38,789,938. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.08 percent of total general fund expenditures, while total fund balance represents 16.73 percent of that same amount.

The fund balance of the District's general fund decreased by $625,348 during the current fiscal year. The District had originally budgeted to decrease fund balance by $7,011,798, which was supplementally revised to decrease fund balance by approximately $7,100,000 for the current fiscal year. However, total expenditures were under budget by approximately $8,300,000. In addition, revenues exceeded budget by approximately $2,400,000. Due to revenues in excess of expenditures, a budgeted transfer in from the capital outlay fund of $4,250,000 was not made.

The fund balance of the District's capital outlay fund decreased by $818,500 during the current fiscal year to $70,467,514 as of June 30, 2025. The District had originally budgeted to increase fund balance by $5,641,923, which was supplementally revised to decrease fund balance by $6,342,517. However, total expenditures were under budget by approximately $2,400,000, mainly in capital acquisitions, and total revenues were over budget by approximately $2,800,000, mainly in other federal revenue.

The fund balance of the District's special education fund decreased by $445,989 to $10,184,023 as of June 30, 2025. The District had budgeted to decrease fund balance by approximately $600,000. However, total expenditures were under budget by approximately $1,100,000, mainly in instructional services, partially offset by total revenues under budget by approximately $980,000, mainly in property taxes and federal and state aid.

Financial Analysis of the District's Funds (Continued)

Governmental Funds (Continued)

The fund balance of the District's post-secondary vocational fund increased by $1,813,376 to $9,021,354 as of June 30, 2025. The District had originally budgeted to decrease fund balance by approximately $790,000. However, total expenditures were under budget by approximately $2,100,000, including revenues being over budget by approximately $395,000, mostly in state revenue and tuition.

Proprietary Funds

The District's enterprise funds showed a decrease in net position of $986,368 to $10,346,723 as of June 30, 2025. The major decreases occurred in the food service fund of approximately $400,000 and the community relations fund of approximately $800,000, partially offset by an increase in the house construction fund of approximately $240,000. The District's internal service funds saw an increase in net position of $1,731,316, due mainly to the group health insurance fund. The group health insurance fund's net position was $10,959,323 as of June 30, 2025. This represents 21.82 percent of total expenses and will be used for cash flow purposes and as a reserve to cover possible future claims in excess of premiums.

General Fund Budgetary Highlights

Over the course of the year, the School Board revised the District's budget several times. These amendments are primarily for supplemental revenues received after the original budget was adopted and for increases in appropriations to prevent budget overruns. Significant differences between the original budget and the final amended budget are summarized as follows:

- Increase of approximately $5,600,000 in other local sources and related expenditures primarily due to contributions from District agency accounts and outside organizations not in the original budget.
- Increase of approximately $2,400,000 in federal revenues and related expenditures due to additional federal grants received after the original budget was adopted.

Capital Asset Administration

As of June 30, 2025, the District had invested $447,048,636 in a broad range of capital assets, including land, land improvements, buildings, construction in progress, and various machinery and equipment (see Table 3). This amount represents a net increase (including additions, deductions, and depreciation) of $18,883,740, or 4.41 percent over last year. This year's capital asset purchases were primarily construction and remodeling of buildings as part of the Capital Improvement Plan, and costs related to building a new elementary school. Additional information regarding the District's capital assets can be found in Note 4 to the financial statements.

Financial Analysis of the District's Funds (Continued)

Capital Asset Administration (Continued)

Table 3
Sioux Falls School District 49-5
Capital Assets, Net

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total Percentage Change
	2024	2025	2024	2025	2024-2025	2024-2025
Land	$ 19,045,100	$ 20,455,415	$ -	$ -	$ 1,410,315	7.41%
Construction in progress	15,833,991	33,332,872	-	-	17,498,881	110.51%
Buildings and improvements	356,253,174	354,915,723	2,524,014	2,392,748	(1,468,717)	-0.41%
Improvements other than buildings	14,928,962	15,161,385	528	467	232,362	1.56%
Machinery and equipment	10,429,922	12,609,445	2,100,264	1,887,072	1,966,331	15.69%
Intangible assets	2,716,951	2,198,632	-	-	(518,319)	-19.08%
Subscription assets	643,399	357,999	-	-	(285,400)	-44.36%
Right-to-use buildings	3,607,607	3,158,554	-	-	(449,053)	-12.45%
Right-to-use machinery and equipment	80,984	578,324	-	-	497,340	614.12%
Totals	$423,540,090	$442,768,349	$ 4,624,806	$ 4,280,287	$ 18,883,740	4.41%

Long-Term Liabilities

At year-end, the District had $288,420,262 in capital outlay certificates, general obligation bonds, and other long-term obligations. Long-term liabilities decreased during the year by $18,722,718 due mainly to scheduled repayment of principal plus a decrease in other postemployment benefits. This is a decrease of 6.10 percent as shown in Table 4 below.

Table 4
Sioux Falls School District 49-5
Outstanding Debt and Obligations

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total Percentage Change
	2024	2025	2024	2025	2024-2025	2024-2025
Capital outlay certificates	$ 68,808,547	$ 59,200,904	$ -	$ -	$ (9,607,643)	-13.96%
General obligation bonds	196,205,092	188,158,833	-	-	(8,046,259)	-4.10%
Subscription liabilities	570,222	356,536	-	-	(213,686)	-37.47%
Lease liabilities	4,298,114	4,644,726	-	-	346,612	8.06%
Other postemployment benefits	32,108,053	30,882,334	1,723,176	1,610,641	(1,338,254)	-3.96%
Accrued vacation	3,168,975	3,298,231	260,801	268,057	136,512	3.98%
Totals	$305,159,003	$286,541,564	$ 1,983,977	$ 1,878,698	$ (18,722,718)	-6.10%

The District's outstanding bonds and certificates carry ratings of Aaa when covered by bond insurance and ratings of Aa2 and Aa3 when not covered by bond insurance. The ratings were issued by Moody's Investors Services.

Financial Analysis of the District's Funds (Continued)

The District maintains an early retirement plan for teachers and administrators, which allows those meeting certain qualifications to retire early and receive a retirement incentive payment based on a flat amount plus sick days for teachers, and on a calculated average salary for administrators. This plan allows the District to reduce the overall program cost by hiring lower-paid employees to replace the higher-paid employees.

Additional information regarding the District's long-term liabilities can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

For taxes payable in 2026, the District experienced an increase in total property valuation of approximately $833 million or 4.37 percent from the prior year. With the exception of the general fund and bond redemption fund, the increase in property valuation affects the District's ability to increase the revenue generated from property taxes.

For the general fund, the primary source of revenue to the District is based on a per-student state aid formula from the State of South Dakota. This per-student allocation is based on the current year's fall enrollment count and, by law, is supposed to increase each year by the lesser of the rate of inflation or 3 percent. The fall 2024 enrollment count was 24,304. The state aid formula for fiscal year 24-25 ensured that property taxes plus state aid equaled $7,405 per pupil. The allocation for fiscal year 25-26 is $7,498 per pupil. Since the funding formula was implemented in 1997-98, the annual increases in the allocation have not always kept up with the increases in costs of education, primarily salary and benefit increases. During fiscal year 2002-03, the School Board passed a resolution to opt out of the State funding limitation in the amount of $3.5 million in order to maintain District programs at the current level and allow for the day-to-day costs of a new elementary school. This opt-out resolution was passed in a public election and was originally scheduled to sunset at the end of calendar year 2007.

In preparation of the $3.5 million reduction in annual revenues related to the end of the 2002-03 opt-out, the District convened a panel of 10 local experienced business leaders to study and evaluate the Sioux Falls School District's current liquid position, current and projected level of expenditures, and any efficiencies that could be obtained. Upon completion of their evaluation, the panel was asked to make recommendations to improve and strengthen the District's financial operations. The panel recommended that the District maintain a general fund balance at or near 8.5 percent of annual expenditures, reduce the opt-out amount to $3.2 million, and extend it through calendar year 2012. During fiscal year 2005-06, the School Board passed a resolution to adopt the panel's recommendations. The lowered and extended opt-out was not referred to a public vote. For fiscal year 2007-08, the Board reduced the amount of the opt-out to $2.7 million.

In response to a freeze in the formula during the 2010 legislative session, a second iteration of this panel recommended the School Board increase the opt-out to $5 million and extend it through 2018. The Board adopted this recommendation but only accessed $2.7 million for fiscal year 2011. In response to the 8.6 percent cut in the per-student allocation during the 2011 legislative session, the panel recommended, and the Board approved, a 10-year, $7.5 million per year opt-out beginning in 2012, and an additional 10-year, $5 million per year opt-out beginning in 2018.

In the spring of 2019, the business panel met again and suggested 10-year, $1.5 million opt-outs that are passed every year and inflated slightly each year. The Board passed the first 10-year $1.5 million opt-out for taxes payable in 2020. This gave the Board access to $14 million in opt-out authority for 2020, of which the Board approved $9.1 million. For taxes payable in 2026, the Board has access to $17.6 million in opt-out authority, of which the Board approved $12.0 million.

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 Sioux Falls School District's Finance Office, 201 East 38th Street, Sioux Falls, South Dakota 57105-5898.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	STI Housing Foundation
Assets				
Cash and cash equivalents	$ 202,452,458	$ 8,307,214	$ 210,759,672	$ 1,450,802
Cash - restricted	-	-	-	261,847
Taxes receivable	78,547,686	-	78,547,686	-
Other receivables	13,149,207	596,940	13,746,147	62,310
Interfund balances	869,722	(986,441)	(116,719)	-
Inventories	892,175	1,382,628	2,274,803	-
Prepaid expenses	931,018	4,225	935,243	37,348
Net pension asset	271,982	14,841	286,823	-
Capital assets				
Capital assets not being depreciated	53,788,287	-	53,788,287	-
Capital assets, net of accumulated depreciation	382,686,553	4,280,287	386,966,840	2,297,174
Right-to-use lease assets, net of accumulated amortization	3,736,878	-	3,736,878	-
Intangible and subscription assets, net of accumulated amortization	2,556,631	-	2,556,631	-
	739,882,597	13,599,694	753,482,291	4,109,481
Deferred Outflows of Resources				
Deferred charge on refunding	15,511,511	-	15,511,511	-
OPEB related deferred outflows	6,880,004	358,821	7,238,825	-
Pension related deferred outflows	51,959,952	2,835,256	54,795,208	-
	74,351,467	3,194,077	77,545,544	-
	$ 814,234,064	$ 16,793,771	$ 831,027,835	$ 4,109,481
Liabilities				
Accounts payable	$ 10,573,832	$ 937,707	$ 11,511,539	$ 95,147
Other current liabilities	44,331,367	983,047	45,314,414	26,607
Unearned revenue	484,977	389,611	874,588	98,600
Noncurrent liabilities				
Due within one year	20,512,769	268,057	20,780,826	41,815
Due in more than one year	235,146,461	-	235,146,461	2,349,194
Net OPEB liability	30,882,334	1,610,641	32,492,975	-
Total liabilities	341,931,740	4,189,063	346,120,803	2,611,363
Deferred Inflows of Resources				
OPEB related deferred inflows	7,414,634	386,703	7,801,337	-
Pension related deferred inflows	34,293,840	1,871,282	36,165,122	-
Taxes levied for future period	82,137,771	-	82,137,771	-
	123,846,245	2,257,985	126,104,230	-
Net Position				
Net investment in capital assets	217,893,500	4,280,287	222,173,787	(93,835)
Restricted for				
Capital outlay	64,984,299	-	64,984,299	-
Special education	10,198,285	-	10,198,285	-
SDRS pension purposes	17,938,094	978,815	18,916,909	-
Post secondary vocational	8,410,799	-	8,410,799	-
Debt service	9,869,869	-	9,869,869	-
Unrestricted	19,161,233	5,087,621	24,248,854	1,591,953
Total net position	348,456,079	10,346,723	358,802,802	1,498,118
	$ 814,234,064	$ 16,793,771	$ 831,027,835	$ 4,109,481

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	STI Housing Foundation
Primary Government								
Governmental activities								
Instruction	$ 212,879,485	$ 16,062,146	$ 49,985,984	$ 2,176,712	$ (144,654,643)	$ -	$(144,654,643)	$ -
Support services	142,526,873	1,100,999	-	-	(141,425,874)	-	(141,425,874)	-
Community services	240,107	-	-	-	(240,107)	-	(240,107)	-
Nonprogrammed charges	1,469,243	1,184,562	15,020	-	(269,661)	-	(269,661)	-
Co-curricular activities	10,501,136	379,013	-	-	(10,122,123)	-	(10,122,123)	-
*Interest on long-term debt	8,439,572	-	-	-	(8,439,572)	-	(8,439,572)	-
Total governmental activities	376,056,416	18,726,720	50,001,004	2,176,712	(305,151,980)	-	(305,151,980)	-
Business-type activities								
Food services	17,233,483	5,865,310	10,729,477	-	-	(638,696)	(638,696)	-
Post secondary bookstore	2,524,797	2,457,540	-	-	-	(67,257)	(67,257)	-
Post secondary childcare	466,745	515,244	-	-	-	48,499	48,499	-
Community services	13,467,891	12,278,277	383,001	-	-	(806,613)	(806,613)	-
House construction	281,784	522,330	-	-	-	240,546	240,546	-
Total business-type activities	33,974,700	21,638,701	11,112,478	-	-	(1,223,521)	(1,223,521)	-
Total primary government	$ 410,031,116	$ 40,365,421	$ 61,113,482	$ 2,176,712	(305,151,980)	(1,223,521)	(306,375,501)	-
Component Unit	$ 1,168,632	$ 1,214,502	$ -					45,870
General Revenues								
Taxes								
Property taxes					166,669,822	-	166,669,822	-
Gross receipts tax					1,084,396	-	1,084,396	-
Revenue from state sources								
State aid					122,291,799	-	122,291,799	-
Other					3,158,706	-	3,158,706	-
Revenue from federal sources					2,279,449	-	2,279,449	-
Unrestricted investment earnings					7,405,845	105,034	7,510,879	44,615
Other general revenues					17,934,936	6,678	17,941,614	-
Transfers					(125,441)	125,441	-	-
Total general revenues					320,699,512	237,153	320,936,665	44,615
Change in Net Position					15,547,532	(986,368)	14,561,164	90,485
Net Position - Beginning					332,908,547	11,333,091	344,241,638	1,407,633
Net Position - Ending					$ 348,456,079	$ 10,346,723	$ 358,802,802	$ 1,498,118

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

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 63,351,194	$ 73,475,566	$ 17,509,536	$ 11,171,956	$ 23,129,685	$ 188,637,937
Taxes receivable - current	39,961,272	18,190,240	13,200,311	-	5,680,027	77,031,850
Taxes receivable - delinquent	849,720	321,168	242,517	-	102,431	1,515,836
Accounts receivable, net	2,649	-	-	730,050	-	732,699
Due from other funds	95,401	885,403	-	-	-	980,804
Due from other governments	5,230,808	2,299,856	1,592,784	1,660,726	-	10,784,174
Advance to imprest	273,000	-	3,600	-	-	276,600
Inventories	892,175	-	-	-	-	892,175
Prepaid expenses	636,609	23,852	28,043	242,514	-	931,018
	$ 111,292,828	$ 95,196,085	$ 32,576,791	$ 13,805,246	$ 28,912,143	$ 281,783,093
Liabilities						
Accounts payable	$ 1,351,691	$ 4,953,605	$ 365,209	$ 1,219,027	$ 2,649,961	$ 10,539,493
Contracts and benefits payable	27,581,431	-	7,616,318	614,593	-	35,812,342
Due to other funds	80,065	-	23,285	7,732	-	111,082
Amounts held for others	-	-	-	2,457,563	-	2,457,563
Unearned revenue	-	-	-	484,977	-	484,977
Total liabilities	29,013,187	4,953,605	8,004,812	4,783,892	2,649,961	49,405,457
Deferred Inflows of Resources						
Unavailable revenue - delinquent property taxes	849,720	321,168	242,517	-	102,431	1,515,836
Unavailable revenue - intergovernmental	145,639	-	29,830	-	-	175,469
Taxes levied for future period	42,494,344	19,453,798	14,115,609	-	6,074,020	82,137,771
Total deferred inflows of resources	43,489,703	19,774,966	14,387,956	-	6,176,451	83,829,076
Fund Balance						
Nonspendable for						
Inventory and prepaid expenses	1,528,784	-	28,043	242,514	-	1,799,341
Restricted for						
Capital outlay	-	64,663,131	-	-	-	64,663,131
Special education	-	-	10,155,980	-	-	10,155,980
Post secondary vocational	-	-	-	8,778,840	-	8,778,840
Capital projects	-	-	-	-	11,974,639	11,974,639
Debt service	-	5,804,383	-	-	6,619,293	12,423,676
Assigned for						
Hail damage projects	-	-	-	-	1,491,799	1,491,799
Unassigned	37,261,154	-	-	-	-	37,261,154
Total fund balance	38,789,938	70,467,514	10,184,023	9,021,354	20,085,731	148,548,560
	$ 111,292,828	$ 95,196,085	$ 32,576,791	$ 13,805,246	$ 28,912,143	$ 281,783,093

Total Fund Balances - Governmental Funds	$ 148,548,560
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $717,530,063 and the accumulated depreciation/amortization is $275,330,543.	442,199,520
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(253,432,194)
Unamortized balance of premiums and discounts on long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(1,634,737)
The unamortized balance of deferred charges on debt refundings resulting from the difference between the net carrying value of the refunded debt and its reacquisition price is not reported in the funds; however, it is treated as a deferred outflow of resources in the statement of net position.	15,511,511
Assets such as delinquent taxes receivable and other intergovernmental receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,691,305
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	11,707,222
Interest expense payable is not included as a liability in the fund statements. Interest expense payable is included as a liability in the statement of net position.	(2,656,238)
OPEB obligations and related deferred outflows of resources and deferred inflows of resources do not represent available financial resources and, therefore, are not reported in the funds.	(31,416,964)
Net pension liability (asset), pension related deferred inflows of resources and pension related deferred outflows of resources do not represent available financial resources and, therefore, are not reported in the funds.	17,938,094
Net Position - Governmental Activities	$ 348,456,079

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Revenue from local sources						
Taxes						
Ad valorem taxes	$ 86,109,348	$ 37,428,809	$ 28,234,151	$ -	$ 12,015,628	$ 163,787,936
Prior year's ad valorem taxes	922,359	348,790	266,403	-	113,125	1,650,677
Gross receipts taxes	1,084,396	-	-	-	-	1,084,396
Other taxes	244,254	105,561	78,927	-	33,667	462,409
Penalties and interest on taxes	164,839	52,566	39,342	-	16,275	273,022
Tuition and fees	356,404	31,796	433,948	234,480	-	1,056,628
Post secondary program tuition and fees	-	-	-	15,141,732	-	15,141,732
Earnings on investments and deposits	4,078,137	2,279,892	390,045	414,777	242,994	7,405,845
Co-curricular activities						
Admissions	325,293	-	-	-	-	325,293
Bookstore sales	5,393	-	-	732,780	-	738,173
Other student activity income	53,720	-	-	-	-	53,720
Post secondary						
Resales/services - occupational programs	-	-	-	81,528	-	81,528
Other revenue from local sources						
Rentals	82,839	20,600	-	20,658	-	124,097
Contributions and donations	808,582	170,916	-	799,531	5,117,099	6,896,128
Judgments	3,643	645	-	-	11,653	15,941
Charges for services	570,235	-	598,386	-	-	1,168,621
Other	7,958,156	748,789	13,324	503,774	-	9,224,043
Revenue from intermediate sources						
County sources						
County apportionment	973,832	-	-	-	-	973,832
Revenue from state sources						
Grants-in-aid						
Unrestricted grants-in-aid	110,338,141	-	-	11,953,658	-	122,291,799
Restricted grants-in-aid	237,653	-	27,247,058	-	-	27,484,711
Tuition	119,929	-	25,155	-	-	145,084
Other state revenue	-	13,483	530	3,144,693	-	3,158,706

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Revenue from federal sources						
Grants-in-aid						
Restricted grants-in-aid received directly from federal government	3,667,956	64,605	-	-	-	3,732,561
Restricted grants-in-aid received from federal government through the state	12,968,217	248,088	6,443,135	1,285,984	-	20,945,424
Johnson O'Malley funds	13,500	-	-	-	-	13,500
Other federal revenue	-	2,220,840	-	45,109	-	2,265,949
Total revenues	231,086,826	43,735,380	63,770,404	34,358,704	17,550,441	390,501,755
Expenditures						
Instruction						
Regular programs						
Elementary schools	48,661,216	2,169,870	-	-	-	50,831,086
Middle/junior high schools	27,976,609	948,284	-	-	-	28,924,893
High school	36,604,158	1,310,811	-	-	-	37,914,969
Preschool services	296,719	-	-	-	-	296,719
Special programs						
Gifted and talented	974,289	-	-	-	-	974,289
Programs for special education	-	19,310	42,995,121	-	-	43,014,431
Coordinated early intervening services instruction	-	-	749,094	-	-	749,094
Culturally different	7,923,786	-	-	-	-	7,923,786
Educationally deprived	5,853,727	-	-	-	-	5,853,727
Other special programs	7,271,035	45,149	-	-	-	7,316,184
Adult continuing education programs	-	-	-	362,884	-	362,884
Post secondary occupational programs	-	-	-	17,354,775	-	17,354,775
Support services						
Pupils						
Attendance and social work	2,290,547	-	-	-	-	2,290,547
Guidance	7,488,433	-	-	1,167,453	-	8,655,886
Health	1,558,651	9,985	38,074	-	-	1,606,710
Psychological	-	-	4,980	-	-	4,980
Speech pathology	-	-	4,205,679	-	-	4,205,679
Student therapy services	-	-	2,960,420	-	-	2,960,420
Orientation and mobility services	-	-	98,093	-	-	98,093
Support services - instructional staff						
Improvement of instruction	7,533,265	2,036	101,581	1,246,831	-	8,883,713
Educational media	4,825,520	9,920	-	-	-	4,835,440

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Support services - general administration						
Board of Education	2,634,570	-	-	451,338	-	3,085,908
Executive administration	1,280,199	-	-	257,273	-	1,537,472
Support services - school administration						
Office of the Principal	16,648,352	58,092	-	-	-	16,706,444
Financial aid administration	-	-	-	423,626	-	423,626
Title I program administration	42,693	-	-	-	-	42,693
Other support services	2,138,292	33,079	-	4,558,642	-	6,730,013
Support services - business						
Fiscal services	1,964,041	1,468,620	-	1,025,989	-	4,458,650
Facilities acquisition and construction	-	9,247,699	-	412,977	-	9,660,676
Operation and maintenance of plant	23,868,372	590,580	-	2,468,824	-	26,927,776
Pupil transportation	6,321,134	48,884	-	-	-	6,370,018
Food services	824,629	-	-	-	-	824,629
Internal services	2,686	-	-	35,883	-	38,569
Support services - central						
Planning	1,347,589	82,995	-	-	-	1,430,584
Staff	1,617,006	-	-	229	-	1,617,235
Data processing	4,950,018	5,065,928	-	2,359,650	-	12,375,596
Support services - special education						
Administrative costs	-	-	3,631,704	-	-	3,631,704
Transportation costs	-	-	3,829,610	-	-	3,829,610
Other special education costs	-	-	5,481,152	-	-	5,481,152
Community services						
Nonpublic school	236,524	-	-	-	-	236,524
Nonprogrammed charges						
Payments to state - unemployment	20,456	-	-	11	-	20,467
Early retirement payments	210,242	-	58,779	-	-	269,021
Other nonprogrammed costs	-	1,179,755	-	-	-	1,179,755
Debt services	-	11,240,494	62,106	267,158	12,277,814	23,847,572
Co-curricular activities						
Male activities	2,421,531	368,189	-	-	-	2,789,720
Female activities	2,120,664	325,635	-	-	-	2,446,299
Combined activities	3,882,790	404,355	-	26,344	-	4,313,489
Capital outlay	-	-	-	-	26,723,697	26,723,697
Total expenditures	231,789,743	34,629,670	64,216,393	32,419,887	39,001,511	402,057,204

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Excess of Revenue over (under) Expenditures	(702,917)	9,105,710	(445,989)	1,938,817	(21,451,070)	(11,555,449)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	16,750,000	16,750,000
Transfers out	-	(9,950,000)	-	(125,441)	(6,800,000)	(16,875,441)
Lease proceeds	-	-	-	-	-	-
Compensation for loss of general capital assets	-	-	-	-	-	-
Subscription proceeds	75,189	-	-	-	-	75,189
Sale of surplus property	2,380	25,790	-	-	-	28,170
Total other financing sources (uses)	77,569	(9,924,210)	-	(125,441)	9,950,000	(22,082)
Net Change in Fund Balance	(625,348)	(818,500)	(445,989)	1,813,376	(11,501,070)	(11,577,531)
Fund Balance - Beginning	39,415,286	71,286,014	10,630,012	7,207,978	31,586,801	160,126,091
Fund Balance - Ending	$ 38,789,938	$ 70,467,514	$ 10,184,023	$ 9,021,354	$ 20,085,731	$ 148,548,560

Net Change in Fund Balances - Total Governmental Funds		$ (11,577,531)
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 outlay ($38,030,618) exceeded depreciation ($19,325,432) in the current period.		18,705,186
In the statement of activities, gains and losses on disposal of capital assets are reported; whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(12,050)
Payment of principal on long-term debt is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.		17,323,831
CO certificates	$ 8,900,000	
GO bonds	7,960,000	
Lease liabilities	174,956	
Subscription liabilities	288,875	
The issuance of long-term debt is an other financing source in the fund statements, but an increase in long-term liabilities on the government-wide statements.		(75,189)
Subscription liabilities	$ 75,189	
In the statement of activities, certain operating expenses such as compensated absences are measured by the amounts earned during the year. In the governmental funds, the expenditures are measured by the amount actually paid. Compensated absences earned during the period exceeded the amount paid.		(128,142)
Governmental funds do not report a deferred outflow in connection with a debt refunding transaction; therefore, an adjustment is necessary to recognize the amortization of these charges in the government-wide financial statements.		(2,575,125)
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statement differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available." This amount reflects the application of both the application period and "availability criteria."		495,778
Revenues in the statement of activities that are not "available" and do not provide current financial resources are not reported as revenues in the funds.		15,020

Interest expense payable is not included as an expenditure in the fund statements. Interest expense payable is included as an expenditure in the statement of activities.	174,267
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service is reported with governmental activities.	1,731,316
The accrual of OPEB costs are not reflected in governmental funds, but the statement of activities reflects the change in this liability and related deferred outflows and inflows of resources from one year to the next.	(2,615,329)
Governmental funds report the effect of premiums and discounts when the debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities. This is the amount by which current-year amortization exceeded the amount of premiums issued in the current period.	793,902
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	(6,708,402)
Change in Net Position of Governmental Activities	$ 15,547,532

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	$ 7,264,487	$ 1,042,727	$ 8,307,214	$ 13,814,521
Accounts receivable	-	395,998	395,998	1,355,734
Due from other governments	94,645	91,297	185,942	-
Inventory of supplies	52,945	1,140,688	1,193,633	-
Inventory of stores purchased for resale	162,667	-	162,667	-
Inventory of donated food	26,328	-	26,328	-
Prepaid expenses	-	4,225	4,225	-
Total current assets	7,601,072	2,674,935	10,276,007	15,170,255
Noncurrent Assets				
Advance to imprest	-	15,000	15,000	-
Net pension asset	7,856	6,985	14,841	-
Capital assets				
Buildings	6,751,194	23,720	6,774,914	-
Improvements other than buildings	-	6,866	6,866	-
Machinery and equipment	6,893,143	639,233	7,532,376	73,591
Accumulated depreciation	(9,466,350)	(567,519)	(10,033,869)	(72,139)
Right-of-use lease assets	-	-	-	680,853
Accumulated amortization	-	-	-	(113,476)
Total noncurrent assets	4,185,843	124,285	4,310,128	568,829
Deferred Outflows of Resources				
Pension related deferred outflows	1,500,732	1,334,524	2,835,256	-
OPEB related deferred outflows	193,793	165,028	358,821	-
Total deferred outflows of resources	1,694,525	1,499,552	3,194,077	-
	$ 13,481,440	$ 4,298,772	$ 17,780,212	$ 15,739,084
Liabilities and Net Position				
Current Liabilities				
Accounts payable	$ 30,745	$ 906,962	$ 937,707	$ 34,339
Contracts and benefits payable	341,021	614,139	955,160	5,224
Sales tax payable	-	16,467	16,467	-
Incurred but not reported claims	-	-	-	3,400,000
Due to other funds	888,721	97,720	986,441	-
Compensated absences payable	118,196	149,861	268,057	17,240
Deposits payable	-	11,420	11,420	-
Unearned revenue	389,611	-	389,611	-
Total current liabilities	1,768,294	1,796,569	3,564,863	3,456,803
Noncurrent Liabilities				
Net OPEB obligation	869,880	740,761	1,610,641	-
Lease liabilities	-	-	-	575,059
Total noncurrent liabilities	869,880	740,761	1,610,641	575,059
Deferred Inflows of Resources				
Pension related deferred inflows	990,491	880,791	1,871,282	-
OPEB related deferred inflows	208,852	177,851	386,703	-
Total deferred inflows of resources	1,199,343	1,058,642	2,257,985	-
Net Position				
Net investment in capital assets	4,177,987	102,300	4,280,287	(6,230)
Restricted for pension benefits	518,097	460,718	978,815	-
Unrestricted net position	4,947,839	139,782	5,087,621	11,713,452
Total net position	9,643,923	702,800	10,346,723	11,707,222
	$ 13,481,440	$ 4,298,772	$ 17,780,212	$ 15,739,084

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating Revenues				
Sales				
Tuition	$ -	$ 4,385,372	$ 4,385,372	$ -
To pupils	5,201,261	231,377	5,432,638	-
To adults	60,877	26,626	87,503	-
Bookstore sales	-	2,439,632	2,439,632	-
Self-insurance premiums	-	-	-	51,456,543
Daycare charges for services	-	6,430,354	6,430,354	-
Other local revenue	332,963	2,530,239	2,863,202	700,716
Total operating revenues	5,595,101	16,043,600	21,638,701	52,157,259
Operating Expenses				
Salaries	5,765,418	5,802,296	11,567,714	163,620
Employee benefits	2,277,732	1,864,613	4,142,345	36,009
Purchased services	589,198	6,268,214	6,857,412	4,922,147
Supplies	488,621	2,523,431	3,012,052	61,855
Cost of sales - purchased	5,962,929	368,341	6,331,270	-
Cost of sales - donated	1,200,754	-	1,200,754	-
Other	66,983	279,730	346,713	45,514,566
Depreciation	477,261	38,843	516,104	291
Amortization	-	-	-	145,439
Total operating expenses	16,828,896	17,145,468	33,974,364	50,843,927
Operating Income (Loss)	(11,233,795)	(1,101,868)	(12,335,663)	1,313,332
Nonoperating Revenue				
Local Sources				
Investment earnings	105,034	-	105,034	437,984
Gain on sale of capital assets	-	6,678	6,678	
State Sources				
Cash reimbursements	31,303	-	31,303	-
Federal Sources				
Federal grants	-	383,001	383,001	-
Cash reimbursements	9,490,390	-	9,490,390	-
Donated food	1,207,784	-	1,207,784	-
Total nonoperating revenue	10,834,511	389,679	11,224,190	437,984
Nonoperating Expense				
Interest expense	-	-	-	(20,000)
Loss on disposal of capital assets	(336)	-	(336)	-
Total nonoperating revenue (expense)	10,834,175	389,679	11,223,854	417,984
Income (Loss) Before Transfers	(399,620)	(712,189)	(1,111,809)	1,731,316
Transfers in	-	125,441	125,441	-
Change in Net Position	(399,620)	(586,748)	(986,368)	1,731,316
Net Position - Beginning	10,043,543	1,289,548	11,333,091	9,975,906
Net Position - Ending	$ 9,643,923	$ 702,800	$ 10,346,723	$ 11,707,222

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash Flows from (used for) Operating Activities				
Cash receipts from customers	$ 5,335,948	$ 13,462,701	$ 18,798,649	$ -
Cash receipts from interfund services provided	-	-	-	50,100,809
Other operating cash receipts	332,963	2,292,429	2,625,392	700,716
Payments to employees	(7,667,893)	(7,414,642)	(15,082,535)	(193,707)
Payments to suppliers	(7,189,575)	(9,602,222)	(16,791,797)	(4,969,212)
Payments for claims	-	-	-	(44,725,490)
Net Cash from (used for) Operating Activities	(9,188,557)	(1,261,734)	(10,450,291)	913,116
Cash Flows from Noncapital Financing Activities				
Transfers in from other funds	-	125,441	125,441	-
Operating subsidies and grants	9,519,373	291,704	9,811,077	-
Net Cash from Noncapital Financing Activities	9,519,373	417,145	9,936,518	-
Cash Flows from (used for) Capital and Related Financing Activities				
Cash paid for lease liabilities - principal	-	-	-	(159,285)
Cash paid for lease liabilities - interest	-	-	-	(20,000)
Proceeds from disposal of capital assets	-	8,487	8,487	-
Purchase of capital assets	(166,535)	(7,195)	(173,730)	-
Net Cash from (used for) Capital and Related Financing Activities	(166,535)	1,292	(165,243)	(179,285)
Cash Flows from Investing Activities				
Cash received for interest	105,034	-	105,034	437,984
Net Cash from Investing Activities	105,034	-	105,034	437,984
Net Change in Cash and Cash Equivalents	269,315	(843,297)	(573,982)	1,171,815
Cash and Cash Equivalents, Beginning of Year	6,995,172	1,886,024	8,881,196	12,642,706
Cash and Cash Equivalents, End of Year	$ 7,264,487	$ 1,042,727	$ 8,307,214	$ 13,814,521
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities				
Operating income (loss)	$ (11,233,795)	$ (1,101,868)	$ (12,335,663)	$ 1,313,332
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities				
Depreciation and amortization expense	477,261	38,843	516,104	145,730
Value of donated commodities used	1,200,754	-	1,200,754	-
Change in assets and liabilities				
Receivables	64,429	(288,595)	(224,166)	(1,355,734)
Inventories	(5,580)	(187,441)	(193,021)	-
Prepaid expenses	2,953	2,347	5,300	-
Pension asset and deferred outflows	195,097	225,873	420,970	-
OPEB deferred outflows	24,684	28,792	53,476	-
Accounts and other payables	(57,270)	50,064	(7,206)	803,866
Contracts payable	104,596	17,325	121,921	4,808
Due to other funds	(21,947)	(27,476)	(49,423)	-
Accrued vacation payable	1,876	5,380	7,256	1,114
Deposits payable	-	125	125	-
Unearned revenue	9,381	-	9,381	-
Pension liability and deferred inflows	7,832	(23,250)	(15,418)	-
OPEB liability and deferred inflows	41,172	(1,853)	39,319	-
Net Cash from (used for) Operating Activities	$ (9,188,557)	$ (1,261,734)	$ (10,450,291)	$ 913,116
Noncash Investing, Capital and Financing Activities				
Value of commodities received	$ 1,207,784	$ -	$ 1,207,784	$ -
Loss on disposal of capital assets	336	-	336	-

	Custodial Funds
Assets	
Cash and cash equivalents	$ 647,005
Due from other funds	116,719
Total assets	$ 763,724
Liabilities	
Due to local governments	$ 33,326
Total liabilities	$ 33,326
Net Position	
Restricted for individuals and organizations	$ 730,398

	Custodial Funds
Additions	
Fees collected for other governments	$ 2,248,596
Employee contributions	1,432,260
Other	18,066
Total additions	3,698,922
Deductions	
Payment of fees to other governments	2,248,596
Payments to employees	1,360,786
Total deductions	3,609,382
Change in Net Position	89,540
Net Position - Beginning	640,858
Net Position - Ending	$ 730,398

Note 1 - Summary of Significant Accounting Policies

The Sioux Falls School District 49-5's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements. The more significant accounting policies established in GAAP and used by the School District are discussed below.

Reporting Entity

The reporting entity of the Sioux Falls School District 49-5 (the School 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); its discretely presented component unit; and those organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District.

The discretely presented component unit is the Southeast Technical Institute Housing Foundation ("STI Housing Foundation" or "the Foundation"). The Foundation is a legally separate and tax exempt 501(c)(3) nonprofit organization whose sole purpose is to develop, own, manage, and operate student housing exclusively for the benefit of Southeast Technical College. Because the economic resources held by the Foundation are held entirely for the benefit of the primary government, the primary government is entitled to a majority of the economic resources held by the Foundation, and the economic resources held by the Foundation are deemed significant to the primary government, the Foundation is, therefore, included in the financial statements as a discretely presented component unit. The Foundation has a fiscal year-end of December 31 and has separately issued financial statements as of the Foundation's respective year-end, thus the amounts reported herein for the discretely presented component unit are as of and for the year ended December 31, 2024.

Basis of Presentation and Basis of Accounting

Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities and the component unit. Eliminations to the various funds have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities and the discretely presented component unit of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties. Discretely presented component units are legally separate organizations that meet certain criteria, as described above, and may be classified as either governmental or business-type activities. See the discussion of the individual component unit above.

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

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

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

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

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary services.

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

Governmental Funds

General Fund: The General Fund is established by South Dakota Codified Law (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding Capital Outlay Fund and Special Education Fund expenditures. The General Fund is always a major fund.

Special Revenue Funds: Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds maintained by the School District are as follows:

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

- Special Education Fund – A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the School District. This fund is financed by grants and property taxes. This is a major fund.
- Post-Secondary Vocational Fund – A fund established by SDCL 13-39-39.1 to account for funds incidental to the operation of Southeast Technical College, a school providing post-secondary vocational education programs. This fund is financed by tuition and fees and grants. This is a major fund.

Debt Service Funds: The Bond Redemption Fund is established by SDCL 13-16-13 to account for a special property tax and report the accumulation of resources from that tax restricted to use for the payment of general long-term debt principal, interest and related costs. The Bond Redemption Fund is the only debt service fund maintained by the School District. This is not a major fund.

Capital Projects Funds: Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The New Elementary School Fund, Capital Improvement Plan Fund, Hail Damage Fund, New High School Fund, and New Middle School Fund are the capital project funds maintained by the School District. These funds are not major funds.

Proprietary Funds

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

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity.
- Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The enterprise funds maintained by the School District are as follows:

- Food Service Fund – A fund used to record financial transactions related to K-12 food service operations. This fund is financed by user charges and grants. This is a major fund.
- Post Secondary Bookstore Fund – A fund used to record financial transactions related to operations of the Southeast Technical College bookstore. This fund is financed by user charges. This is not a major fund.
- Post Secondary Food Service Fund – A fund used to record financial transactions related to Southeast Technical College food service operations. This fund is financed by user charges. This is not a major fund.
- Post Secondary Child Care Fund – A fund used to record financial transactions related to operations of Southeast Technical College’s child daycare facility. This fund is financed by user charges and grants. This is not a major fund.

- Community Relations Fund – A fund used to record financial transactions related to operations of blended pre-school programs, summer school, daycare services and after-school daycare services, and for GED and other courses. This fund is financed by user charges and grants. This is not a major fund.
- House Construction Fund – A fund used to record financial transactions related to the construction and sale of one home annually by a high school within the School District that is being constructed in partnership with Habitat for Humanity. This fund is financed by sale of the constructed home. This is not a major fund.

Internal Service Funds: A fund used to report activities that provide goods or services to other funds, departments or agencies of the School District and its component unit, or to other governments, on a cost-reimbursement basis. Internal service funds are never considered to be major funds. The Insurance Trust Fund and Reprographics Fund are the only internal service funds maintained by the School District.

Fiduciary Funds: Fiduciary funds maintained by the School District consist solely of custodial funds and are never considered to be major funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The School District maintains custodial funds to account for resources held by the School District as an agent for employee dependent care and health care flexible spending accounts, to account for facility fees collected by Southeast Technical College from its students to a trustee for the benefit of the South Dakota Health and Education Facilities Authority, and to account for resources held as an agent for various other Southeast Technical College relationships.

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 funds.

Basis of Accounting

Government-Wide Financial Statements

In the government-wide statement of net position and statement of activities, governmental, business-type and component unit 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 fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the School District is 60 days for property tax receipts and 90 days for other charges for services. Revenues from reimbursement grants and other similar reimbursement items are recognized when all eligibility requirements imposed by the provider have been met. State revenues are recognized in the year to which the revenue relates or applies.

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

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

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

Interfund Eliminations and Reclassifications

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as internal balances.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged in this manner, expense reductions occur in the respective funds so that expenses are reported only in the function to which they relate.

Deposits and Investments

For the purpose of financial reporting, “cash and cash equivalents” for the School District includes all demand and savings accounts or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-ended mutual fund shares, or similar investments in external investment pools, are also considered to be cash and cash equivalents. The School District did not hold any investments at June 30, 2025.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1, and are payable in two installments on or before April 30 and October 31 of the following year. Approximately 50% is considered to be applied to finance the budget of the current fiscal year and the remaining percentage (50%) is considered to be applied to finance the budget for the subsequent year. The county bills and collects the School District’s taxes and remits them to the School District. School District property tax revenues are recognized to the extent that they are used to finance each year’s appropriations. Current year property taxes receivable, which are not available as a resource that can be used to finance the current year’s appropriations and, therefore, are not susceptible to accrual, have been reported as deferred inflows of resources in both fund financial statements and the government-wide financial statements.

Inventory

Inventory is stated at cost on the first-in, first-out (FIFO) basis. When individual inventory items are purchased they are recorded as assets. When they are consumed they are recorded as expenditures in governmental funds or expenses in proprietary funds. Although classified as current assets, these inventory balances are offset by nonspendable fund balance amounts which indicate that they do not constitute “available spendable resources” even though they are a component of net current assets. Inventories purchased by the Food Service Fund and Post Secondary Food Service Fund are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at USDA’s assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when consumed.

Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

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

Right-to-use leased assets are recognized at the lease commencement date and represent the School District's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight line method. The amortization period varies from 3 to 10 years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the School District's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underyling asset using the straight-line method. The amortization period varies from 3 to 5 years.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land*	Any Amount	*	*
Buildings and improvements	$ 20,000	Straight-Line	20 - 50 years
Improvements other than buildings	20,000	Straight-Line	10 - 20 years
Machinery and equipment - governmental activities	5,000	Straight-Line	5 - 15 years
Machinery and equipment - business-type	1,000	Straight-Line	5 - 15 years

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

Fund Financial Statements

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

Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of general obligation bonds, capital outlay certificates payable, lease liabilities, subscription liabilities, and compensated absences payable.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenues and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is on the accrual basis, the same in the fund statement as it is in the government-wide statements.

Compensated Absences

Eligible employees of the School District earn vacation and sick days in varying amounts, both of which accumulate, but only vacation is paid out upon termination. In accordance with GASB 101, *Compensated Absences*, a liability is recognized when it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Based on the School District's leave accrual patterns and historical usage of leave, utilizing a LIFO (last-in, first-out) assumption, the amount of accumulated sick leave more likely than not to be used for time off is insignificant and does not have a significant impact on the School District's financial statements. Therefore, no liability for accumulated sick leave has been recognized.

Cash and Cash Equivalents

The School District pools some of its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. All reported deposit balances are considered to be cash equivalents for the purpose of the statement of cash flows.

Program Revenues

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

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

Proprietary Funds Revenue and Expense Classifications

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. In the proprietary fund's statement of activities, revenues and expenses are classified in a manner consistent with how they are classified in the statement of cash flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities, are not reported as components of operating revenues or expenses.

Equity Classifications

Government-Wide Statements

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

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance, and is distinguished between nonspendable, restricted, committed, assigned, or unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund activity is reported as restricted net position.

Fund Balance Classification Policies and Procedures

The School District classifies governmental fund balance 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 restraints.
- Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the School Board, and does not lapse at year-end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the School Board or Business Manager.
- 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 nonspendable fund balance in the General Fund, Special Education Fund, and the Post Secondary Vocational Fund is comprised of either inventory or prepaid expenses which are in a nonspendable form.

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

The School District does not have a formal minimum fund balance policy.

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

Major Special Revenue Fund	Revenue Source
Capital Outlay Fund	Property taxes
Special Education Fund	Grants and property taxes
Post Secondary Vocational Fund	Tuition and fees and grants

Application of Net Position

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

Pensions

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The School District has four items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal year-end, changes in the net pension liability (asset) not included in pension expense reported in the government-wide statement of net position, changes in the total OPEB liability included in health insurance expense reported in the government-wide statement of net position, and deferred charges on debt refundings resulting from a difference in the reacquisition price in excess of the net carrying amount of the refunded debt which is amortized over the shorter of the remaining life of the old debt or new debt, whichever is shorter.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three types of items that qualify for reporting in this category. The School District reports unavailable revenues from property taxes on the government-wide statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Another item is changes in the net pension liability (asset) not included in pension expense reported in the government-wide statement of net position. The final item is changes in the total OPEB liability included in health insurance expense reported in the government-wide statement of net position.

Adoption of New Standard

As of July 1, 2024, the School District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the School District's financial statements as a result of the implementation of this standard.

As of July 1, 2024, the School District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was not a significant effect on the School District's financial statements as a result of the implementation of this standard.

Note 2 - Deposits and Investments Credit Risk, Concentrations of Credit Risk, and Interest Rate Risk

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

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

Investments – In general, SDCL 4-5-6 permits School 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 (c) 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.

The School District, at times, invests in certificates of deposit carried at amortized cost. As of June 30, 2025, the School District did not carry any investments.

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

Custodial Credit Risk-Deposits – The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2025, the School District's bank balances were approximately $214,884,494 which includes various bank accounts. Of these deposits, approximately $671,161 was covered by the FDIC and the remaining balance was uninsured but collateralized with securities held by the pledging financial institution.

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the fund holding the deposit or making the investment, except for checking account deposits, which are recorded in the General Fund.

Note 3 - Receivables and Payables

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Receivables are reported net of an allowance for doubtful accounts.

Current taxes receivable are reported net of an allowance of $436,731 in the General Fund, $199,840 in the Capital Outlay Fund, $145,020 in the Special Education Fund, and $62,401 in the Bond Redemption Fund. Delinquent taxes receivable are reported net of an allowance of $2,001,249 in the General Fund, $864,988 in the Capital Outlay Fund, $615,813 in the Special Education Fund, and $238,181 in the Bond Redemption Fund.

Accounts receivable are reported net of an allowance of $922,950 in the Post Secondary Vocational Fund, $2,353 in the Post Secondary Bookstore Fund, and $8,003 in the Post Secondary Child Care Fund.

Note 4 - Changes in Capital Assets

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

Primary Government	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Governmental activities				
Capital assets not being depreciated				
Land	$ 19,045,100	$ 1,410,315	$ -	$ 20,455,415
Construction in process	15,833,991	25,518,996	8,020,115	33,332,872
Total capital assets not being depreciated	34,879,091	26,929,311	8,020,115	53,788,287
Capital assets being depreciated/amortized				
Buildings and improvements	555,516,870	12,054,030	-	567,570,900
Improvements other than buildings	35,758,993	2,227,286	-	37,986,279
Machinery and equipment	44,356,158	4,629,866	929,280	48,056,744
Intangible assets	3,984,237	135,051	-	4,119,288
Subscription assets	1,392,633	75,189		1,467,822
Right-to-use buildings	4,495,115	-	-	4,495,115
Right-to-use machinery and equipment	1,301,853	680,853	1,182,634	800,072
Total capital and right-to-use assets being depreciated/amortized	646,805,859	19,802,275	2,111,914	664,496,220
Less accumulated depreciation/amortization for				
Buildings and improvements	199,263,696	13,391,481	-	212,655,177
Improvements other than buildings	20,830,031	1,994,863	-	22,824,894
Machinery and equipment	33,926,236	2,438,293	917,230	35,447,299
Intangible assets	1,267,286	653,370	-	1,920,656
Subscription assets	749,234	360,589		1,109,823
Right-to-use buildings	887,508	449,053	-	1,336,561
Right-to-use machinery and equipment	1,220,869	183,513	1,182,634	221,748
Total accumulated depreciation/amortization	258,144,860	19,471,162	2,099,864	275,516,158
Total capital assets being depreciated/amortized, net	388,660,999	331,113	12,050	388,980,062
Governmental activities capital assets, net	$ 423,540,090	$ 27,260,424	$ 8,032,165	$ 442,768,349

Depreciation/amortization expense was charged to functions as follows:

Governmental activities	
Instruction	$ 16,158,257
Support services	1,906,795
Community	3,012
Co-curricular activities	1,403,098
Total depreciation/amortization expense - governmental activities	$ 19,471,162

Business-Type Activities	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets being depreciated				
Building improvements	$ 6,768,607	$ 6,307	$ -	$ 6,774,914
Improvements other than buildings	6,866	-	-	6,866
Machinery and equipment	7,389,455	167,423	24,502	7,532,376
Total being depreciated	14,164,928	173,730	24,502	14,314,156
Less accumulated depreciation for				
Building improvements	4,244,593	137,573	-	4,382,166
Improvements other than buildings	6,338	61	-	6,399
Machinery and equipment	5,289,191	378,470	22,357	5,645,304
Total accumulated depreciation	9,540,122	516,104	22,357	10,033,869
Business-type activity capital assets, net	$ 4,624,806	$ (342,374)	$ 2,145	$ 4,280,287

Business-type activities	
Food service	$ 495,705
Community services	13,311
Bookstore services	6,475
Instruction	613
Total depreciation expense - business-type activities	$ 516,104

As of June 30, 2025, the School District had remaining commitments of approximately $13,486,256 related to the ongoing construction of various significant construction projects.

Note 5 - Long-Term Liabilities, Leases, and Subscription Based Information Technology Arrangements (SBITAs)

A summary of changes in governmental activities long-term liabilities follows:

Primary Government	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025	Due Within One Year
Governmental Activities					
Capital outlay certificates	$ 67,150,000	$ -	$ 8,900,000	$ 58,250,000	$ 8,655,000
Unamortized premium	1,658,547	-	707,643	950,904	-
Total capital outlay certificates	68,808,547	-	9,607,643	59,200,904	8,655,000
General obligation bonds	195,435,000	-	7,960,000	187,475,000	8,015,000
Unamortized premium	770,092	-	86,259	683,833	-
Total general obligation bonds	196,205,092	-	8,046,259	188,158,833	8,015,000
Subscription liabilities	570,222	75,189	288,875	356,536	264,668
Lease liabilities	4,298,114	680,853	334,241	4,644,726	279,870
Total other liabilities	4,868,336	756,042	623,116	5,001,262	544,538
Total debt	269,881,975	756,042	18,277,018	252,360,999	17,214,538
OPEB liability	32,108,053	-	1,225,719	30,882,334	-
*Compensated absences	3,168,975	129,256	-	3,298,231	3,298,231
Total governmental activities	$ 305,159,003	$ 885,298	$ 19,502,737	$ 286,541,564	$ 20,512,769

*The roll-forward schedule only reports the net change in the compensated absences liability.

A summary of changes in business-type activities long-term liabilities follows:

Primary Government	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025	Due Within One Year
Business-Type Activities					
OPEB liability	$ 1,723,176	$ -	$ 112,535	$ 1,610,641	$ -
*Compensated absences	260,801	7,256	-	268,057	268,057
Total business-type activities	$ 1,983,977	$ 7,256	$ 112,535	$ 1,878,698	$ 268,057

*The roll-forward schedule only reports the net change in the compensated absences liability.

Compensated absences for governmental activities and business-type activities typically have been liquidated out of the fund in which the respective wages have been recognized.

Capital outlay certificates are payable from tax levies of the Capital Outlay Fund and the debt service for the certificates is accounted for in the Capital Outlay Fund. A summary of capital outlay certificates outstanding at June 30, 2025, is as follows:

Issue	Maturity Date	Interest Rate	Amount
2011	1/1/2027	4.80 - 4.85%	$ 800,000
2017A	8/1/2029	3.00 - 5.00%	5,570,000
2017B	2/1/2031	1.375 - 5.00%	13,875,000
2017C	8/1/2033	3.00 - 5.00%	27,465,000
2019	2/1/2026	2.00 - 4.00%	1,780,000
2021	8/1/2035	.215 - 1.998%	8,760,000
			$ 58,250,000

Annual debt service requirements to maturity for capital outlay certificates are as follows:

Year Ending June 30,	Capital Outlay Certificates Principal	Interest	Total
2026	$ 8,655,000	$ 1,985,350	$ 10,640,350
2027	7,230,000	1,647,268	8,877,268
2028	7,470,000	1,316,235	8,786,235
2029	7,750,000	1,041,160	8,791,160
2030	7,320,000	793,690	8,113,690
2031-2035	19,375,000	1,220,278	20,595,278
2036-2040	450,000	4,495	454,495
	$ 58,250,000	$ 8,008,476	$ 66,258,476

General obligation bonds are payable from tax levies collected, and the debt service for the general obligation bonds is accounted for in the bond redemption fund. A summary of general obligation bonds outstanding at June 30, 2025, is as follows:

Issue	Maturity Date	Interest Rate	Amount
2021	8/1/2039	.157 - 2.672%	$ 136,175,000
2022	8/1/2046	3.00%	51,300,000
			$ 187,475,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	General Obligation Bonds Principal	Interest	Total
2026	$ 8,015,000	$ 4,259,401	$ 12,274,401
2027	8,095,000	4,181,631	12,276,631
2028	8,190,000	4,084,225	12,274,225
2029	8,310,000	3,966,935	12,276,935
2030	8,445,000	3,831,234	12,276,234
2031-3035	44,790,000	16,582,687	61,372,687
2036-2040	50,330,000	11,042,808	61,372,808
2041-2045	35,530,000	5,094,300	40,624,300
2046-2050	15,770,000	476,700	16,246,700
	$ 187,475,000	$ 53,519,921	$ 240,994,921

The School District has pledged state aid for the 2022 and 2021 general obligation bonds and the 2017A, 2017B, 2017C, 2019, and 2021 capital outlay certificates. In the event that the School District does not timely deposit the required principal and interest payments under the agreements, the South Dakota Department of Education may be required to redirect state aid payments to the bonding agent to satisfy any past due obligations.

The School District has entered into various lease agreements as a lessee of equipment and buildings. The School District is required to make principal and interest payments through 2032 based on the terms of each lease. The lease agreements have interest rates between 3% and 12%, either the rate implicit in the lease or based on the School District’s incremental borrowing rate at the inception of the lease if the interest rate implicit in the lease was not readily determinable. The total amount of right-to-use leased assets, and the related accumulated amortization of right-to-use leased assets, was $5,295,187 and $1,558,309 respectively, as of June 30, 2025.

Remaining principal and interest payments on lease liabilities are as follows:

Year Ending June 30,	Lease Liabilities Principal	Interest	Total
2026	$ 279,870	$ 169,485	$ 449,355
2027	281,245	158,879	440,124
2028	292,194	147,930	440,124
2029	305,713	136,522	442,235
2030	190,209	126,622	316,831
2031-2033	3,295,495	264,277	3,559,772
	$ 4,644,726	$ 1,003,715	$ 5,648,441

The School District has entered into various SBITA contracts for various educational and administrative software platforms and programs. The School District is required to make principal and interest payments through 2029 based on the terms of the contracts. The subscription liability was valued using discount rates approximating 5% based on the School District's incremental borrowing rate at the inception of the subscriptions. The total amount of right-to-use subscription assets, and the related accumulated amortization of right-to-use subscription assets was $1,467,822 and $1,109,823 respectively, as of June 30, 2025.

Remaining principal and interest payments on subscription liabilities are as follows:

Year Ending June 30,	Subscription Liabilities Principal	Interest	Total
2026	$ 264,668	$ 17,827	$ 282,495
2027	57,520	4,593	62,113
2028	34,348	1,717	36,065
	$ 356,536	$ 24,137	$ 380,673

A summary of changes in the component unit's long-term liabilities for the year ended December 31, 2024, is as follows:

Component Unit	Balance January 1, 2024	Issued	Retired	Balance December 31, 2024	Due Within One Year
Direct borrowings	$ 2,349,667	$ 2,395,856	$ 2,354,514	$ 2,391,009	$ 41,815

The direct borrowing carries a variable interest rate of 3% over the index, which is the monthly average yield on U.S. Treasury securities adjusted to a constant maturity of one year. Monthly payments of principal and interest are due with a balloon payment at maturity in April 2026.

Annual debt service requirements to maturity for the component unit's direct borrowing are as follows:

Year Ending December 31,	Component Unit Principal	Component Unit Interest	Component Unit Total
2025	$ 41,815	$ 141,121	$ 182,936
2026	44,505	138,431	182,936
2027	47,367	135,569	182,936
2028	50,414	132,522	182,936
2029	2,206,908	86,559	2,293,467
	$ 2,391,009	$ 634,202	$ 3,025,211

The School District leases the facilities for a portion of Southeast Technical College from the South Dakota Board of Technical Education (the Board). The facilities were constructed by the South Dakota Health and Education Facilities Authority (the Authority) funded by proceeds from bonds issued. The Board leases the facilities from the Authority and then sub-leases it to the School District. The lease agreement between the Board and the Authority calls for rental payments that coincide with the required debt service of the Authority. Currently, the rental payments are being paid from the facility fee fund account maintained by the trustee. The facility fee is a per credit hour fee collected from each student attending the four vocational technical schools in South Dakota assessed by the South Dakota Board of Education. These fees are collected by the School District and remitted to the trustee for the purpose of making the lease rental payments to the Authority that ultimately retire the indebtedness of the Authority related to the facilities constructed at the various vocational technical schools.

As of June 30, 2025, it is anticipated that the facility fees held by the trustee will be sufficient to make the lease rental payments throughout the duration of the leased facilities; therefore, no rent expense or lease liability has been recorded by the School District. The lease term is for 25 years, although there is a cancellation clause for non-appropriation of funds. At the conclusion of the lease, the School District and the Board have the option of renewing the lease on an annual basis for $100, subject to the restriction on use of the facilities for post-secondary vocational technical education. The School District is responsible for all repair and maintenance costs associated with the facilities.

Note 6 - Restricted Net Position

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

Purpose	Restricted By	Amount
Capital outlay	Law	$ 64,984,299
Special education	Law	10,198,285
SDRS pension benefits	Law	18,916,909
Post secondary vocational	Law	8,410,799
Debt service	Law	9,869,869
Total restricted net position		$ 112,380,161

Note 7 - Other Post-Employment Benefits

Plan Description

The School District has a single-employer, defined-benefit health care plan. The plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16 and 13-10-3. Benefit provisions were established and may be amended during the negotiated agreement process between School District certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

Benefits Provided

The School District provides health care and life insurance benefits for retirees and their dependents. The benefit terms provide for retirees to participate in the plan by paying 102% of the active employee premium through age 65. The plan also allows retirees to participate in the plan for up to $10,000 of life insurance benefits by paying 102% of the active employee premium through age 65.

Funding Policy

The School District funds the OPEB benefits on a pay-as-you-go basis; therefore, the School District's obligation is unfunded at June 30, 2025. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At the valuation date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	126
Active employees	2,972
	3,098

Total OPEB Liability

The School District's total OPEB liability of $32,492,975 was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	3.50% per annum
Discount rate	5.20% per annum - Bond Buyer 20-Bond GO index
Healthcare cost trend rates	7.75% decreasing by .30% each year for 10 years, and .10% thereafter to ultimate 4.0% rate

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

Other Assumptions

Mortality	PUB-2010 headcount weighted base mortality table, projected generationally using Scale MP-2021, applied on a gender specific and job class basis
Future Retiree Participation Rate	60% for medical plan and 80% for life insurance plan
Age Difference	Male spouses assumed to be three years older than female spouses where no specific date of birth was provided.
Termination	Same as 2024 SDRS
Retirement Age	Same as 2024 SDRS

Changes in the Net OPEB Liability

Balance at July 1, 2024	$ 33,831,229
Service cost	2,341,048
Interest cost	1,399,381
Changes in assumptions or other inputs	(3,949,460)
Benefit payments	(1,129,223)
Net change	(1,338,254)
Balance at June 30, 2025	$ 32,492,975

Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount rate	4.20%	5.20%	6.20%
Total OPEB Liability	$ 35,638,000	$ 32,492,975	$ 29,644,000

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Healthcare trend rate	6.75%	7.75%	8.75%
Total OPEB Liability	$ 28,466,000	$ 32,492,975	$ 37,297,000

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the School District recognized an increase of health insurance expense of approximately $3,837,000 due to OPEB. At June 30, 2025, the School District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,166,504	$ 3,147,496
Changes of assumptions/inputs	3,072,321	4,653,841
Total	$ 7,238,825	$ 7,801,337

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30,	Amount
2026	$ 96,919
2027	96,919
2028	96,919
2029	96,919
2030	113,227
Thereafter	(1,063,415)
	$ (562,512)

Note 8 - Contingencies

In the ordinary course of business, the School District is party to a number of legal proceedings as a plaintiff or defendant; however, management does not believe that the ultimate disposition of any of these proceedings will have a material effect on the School District's financial position or results of operations.

Amounts received or receivable from federal or state agencies are subject to agency audit and adjustments. Any disallowed costs, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of funds which may be disallowed by the agencies cannot be determined at this time. The School District believes, however, that any liability it may incur would not have a material adverse effect on its financial condition or its results of operations.

Note 9 - Risk Management

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

Employee Health Insurance

The School District has established an Insurance Trust Fund for the purpose of paying claims of the employee group health care benefit plan. Premiums are paid by both the School District and the School District's employees and are charged against the appropriate fund. Excess loss insurance is provided through private insurance carriers for claims exceeding $300,000 per individual with an unlimited maximum. At June 30, 2025, an estimated liability of $3,400,000 was accrued for incurred, but not reported, claims. This estimate was based on information obtained from the plan's third-party administrator and past experience of the plan. The Insurance Trust Fund is reported as an internal service fund in these financial statements. The School District is responsible for deficiencies, if any, resulting from claims paid in excess of premiums received. At June 30, 2025, the insurance trust internal service fund had a net position balance of $10,959,323.

The following is a history of the claims activity for the fund for the years ended June 30, 2025, 2024, and 2023, respectively.

	2025	2024	2023
Amount of claim liabilities, beginning of year	$ 2,600,000	$ 3,200,000	$ 2,800,000
Incurred claims	45,525,490	44,330,865	44,948,029
Claims paid	(44,725,490)	(44,930,865)	(44,548,029)
Amount of claim liabilities, end of year	$ 3,400,000	$ 2,600,000	$ 3,200,000

Workers' Compensation Insurance

The School District purchases liability insurance for workers' compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance

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

Unemployment Benefits

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. During the year ended June 30, 2025, claims filed for unemployment benefits resulted in the payment of benefits in the amount of $20,456.

Note 10 - 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 designed with several defined contribution plan-type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at https://sdrs.sd.gov/publications.aspx or by writing to the SDRS, PO 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 that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85, or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment 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 School District's share of contributions to the SDRS for the fiscal years ended June 30, 2025, 2024, and 2023, were $12,466,706, $11,927,176, and $11,187,937, respectively, equal to the required contributions each year.

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

At June 30, 2024, SDRS is 100.00% funded and, accordingly, has a net pension asset. The proportionate share of the components of the net pension asset of the SDRS, for the School District as of the measurement period ending June 30, 2024, and reported by the School District as of June 30, 2025, are as follows:

Proportionate share of total pension liability	$ 1,057,046,995
Less proportionate share of net position restricted for pension benefits	1,057,333,818
Proportionate share of net pension liability (asset)	$ (286,823)

At June 30, 2025, the School District reported a liability (asset) of ($286,823) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was 7.085591%, which is a decrease of .145303% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized a reduction of pension expense of $7,113,956. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 26,559,994	$ -
Changes in assumption	4,728,868	36,046,094
Net difference between projected and actual earnings on pension plan investments	10,803,876	-
Changes in proportion and difference between School District contributions and proportionate share of contributions	235,764	119,028
School District contributions subsequent to the measurement date	12,466,706	-
Total	$ 54,795,208	$ 36,165,122

There is $12,466,706 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date. This 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:	Amount
2026	$ (10,061,354)
2027	13,863,478
2028	1,479,524
2029	881,732
Total	$ 6,163,380

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	7.66% at entry to 3.15% after 25 years of service
Discount rate	6.50% net of plan investment expense. Composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLAs	1.71%

Mortality Rates:

- All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020
- Active and Terminated Vested Members:
  - Teachers, Certified Regents, and Judicial: PubT-2010
  - Other Class A Members: PubG-2010
  - Public Safety Members: PubS-2010
- Retired Members:
  - Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
  - Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
  - Public Safety Retirees: PubS-2010, 102% of rates at all ages
- Beneficiaries:
  - PubG-2010 contingent survivor mortality table
- Disabled Members:
  - Public Safety: PubS-2010 disabled member mortality table
  - Others: PubG-2010 disabled member mortality table

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	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 employee 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).

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	$ 145,747,903	$ (286,823)	$ (119,788,718)

Pension Plan Fiduciary Net Position

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

Note 11 - Early Retirement Plan

The School District has an employment contract which provides for an early retirement benefit. The School District amended the early retirement plan for teachers effective with the year ended June 30, 2019, and for administrators effective with the year ended June 30, 2020. The amended plans provide for an early retirement cash benefit of $5,000, plus an additional amount for a retiring teacher or administrator's unused sick leave. The total amount of the additional sick leave benefit cannot exceed $10,000. In addition, there is a nine-year phase-out provision of the previous early retirement plan for administrators. Eligible administrators will be paid under whichever plan provides the higher amount. Benefits under both plans are paid in one annual installment due June 30 of each year paid into a SDRS Special Pay Plan as a 401(a) tax-sheltered contribution, or held to be used to fund future medical insurance premiums. To collect these benefits, notification must be given no later than February 1 of the year in which such retirement will occur. 157 employees were expected to be eligible for early retirement benefits by February 1, 2026, not all of whom were expected to elect early retirement. The early retirement benefits are funded from the applicable fund on a pay-as-you-go basis.

Note 12 - Tax Abatements

Counties and cities located within the School District may enter into property tax abatement agreements with local businesses as a means of retaining or attracting businesses and promoting economic growth and residential development within their respective jurisdiction. Property tax abatements for the year ended June 30, 2025, were approximately $228,000.

Note 13 - Interfund Balances and Interfund Transfers

At June 30, 2025, the following funds had interfund balances:

	Interfund	
Fund	Receivable	Payable
General	$ 95,401	$ 80,065
Capital outlay	885,403	-
Special education	-	23,285
Post secondary vocational	-	7,732
Food service	-	888,721
Community relations	-	2,319
House construction	-	95,401
Custodial	116,719	-
	$ 1,097,523	$ 1,097,523

The purpose of the interfund balances is for reimbursement of expenses that were incurred during 2025, but not reimbursed until subsequent to June 30, 2025, or to temporarily cover fund operations. The School District expects that all interfund balances will be repaid within 12 months.

During the year ended June 30, 2025, the following interfund transfers occurred:

	Transfers to fund:	
Transfers from fund:	New Elementary	Post Secondary Food Service
Capital Outlay Fund	$ 9,950,000	$ -
Capital Improvement Plan	2,000,000	-
New High School	4,800,000	-
Post Secondary Fund	-	125,441
	$ 16,750,000	$ 125,441

Transfers from the Post Secondary Vocational Fund to Post Secondary Food Service were to supplement operations. Transfers from the Capital Improvement Plan Fund, Capital Outlay Fund, and New High School Fund to the New Elementary School Fund were to cover capital outlay expenditures incurred in the New Elementary School Capital Projects Fund.

Note 14 - Subsequent Events

Subsequent to June 30, 2025, and prior to the issuance of these financial statements, the School District awarded bids or contracts for the following significant projects or capital asset acquisitions:

- September 2025 – the School District approved the purchase of property at 506, 521, and 525 N Fairfax Ave, at 530 N Indiana Ave, and at 919 E 4th St in the total amount of $913,380.
- November 2025 – the School District approved a bid in the amount of $853,000 for masonry upgrades at Anne Sullivan Elementary.
- December 2025 – the School District approved a bid in the amount of $1,295,400 for Learning Lab Community Campus renovation at STC.
- December 2025 – the School District approved the purchase of property at 502 N Indiana Ave. for $181,320.
- December 2025 – the School District approved bids in the amount of $615,500 for tunnel piping and chiller replacements at Jane Addams Elementary and Terry Redlin Elementary.
- February 2026 – the School District approved a bid in the amount of $6,068,000 for auditorium renovations at Washington High School and Roosevelt High School.
- March 2026 – the School District approved the purchase of property at 516 N Indiana Ave for $225,000.

Sioux Falls School District 49-5

Required Supplementary Information
June 30, 2025

Sioux Falls School District 49-5

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 2,341,048	$ 2,117,353	$ 2,082,438	$ 1,722,533	$ 1,671,249	$ 1,279,768	$ 1,240,912	$ 1,194,678
Interest	1,399,381	1,240,042	1,135,798	546,717	528,845	761,471	769,373	749,887
Difference between expected and actual experience	-	(2,665,773)	-	6,102,201	-	-	-	-
Changes of assumptions or other inputs	(3,949,460)	1,711,233	(318,907)	(818,755)	108,006	650,487	719,881	(545,308)
Benefit payments	(1,129,223)	(856,064)	(1,234,258)	(996,745)	(1,006,133)	(813,640)	(972,656)	(717,703)
Net change in total OPEB liability	(1,338,254)	1,546,791	1,665,071	6,555,951	1,301,967	1,878,086	1,757,510	681,554
Total OPEB liability - beginning	33,831,229	32,284,438	30,619,367	24,063,416	22,761,449	20,883,363	19,125,853	18,444,299
Total OPEB liability - ending	$ 32,492,975	$ 33,831,229	$ 32,284,438	$ 30,619,367	$ 24,063,416	$ 22,761,449	$ 20,883,363	$ 19,125,853
Covered-employee payroll	$ 198,200,000	$ 191,497,961	$ 167,906,000	$ 162,227,970	$ 156,742,000	$ 151,442,000	$ 149,086,436	$ 146,136,621
District's total OPEB liability as a percentage of covered-employee payroll	16.39%	17.67%	19.23%	18.87%	15.35%	15.03%	14.01%	13.09%

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

Plan Assets

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefit Provision Changes

None.

Changes in Assumptions

Since the last valuation, the following changes of assumptions have been made:

- The discount rate has been updated from 3.93% to 5.20%.

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Revenue from local sources				
Taxes				
Ad valorem taxes	$ 86,027,735	$ 86,027,735	$ 86,109,348	$ 81,613
Prior year's ad valorem taxes	-	-	922,359	922,359
Gross receipts taxes	2,000,000	2,000,000	1,084,396	(915,604)
Other taxes	275,000	275,000	244,254	(30,746)
Penalties and interest on taxes	120,000	120,000	164,839	44,839
Tuition and fees	50,000	50,810	356,404	305,594
Earnings on investments and deposits	3,000,000	3,000,000	4,078,137	1,078,137
Co-curricular activities				
Admissions	220,500	220,500	325,293	104,793
Bookstore sales	-	-	5,393	5,393
Other student activity income	71,000	71,000	53,720	(17,280)
Other revenue from local sources				
Rentals	50,000	50,000	82,839	32,839
Contributions and donations	334,614	334,614	808,582	473,968
Judgments	873	873	3,643	2,770
Charges for services	600,000	600,000	570,235	(29,765)
Other	797,513	6,429,627	7,958,156	1,528,529
Revenue from intermediate sources				
County sources				
County apportionment	1,200,000	1,200,000	973,832	(226,168)
Revenue from state sources				
Grants-in-aid				
Unrestricted grants-in-aid	110,587,101	110,587,101	110,338,141	(248,960)
Restricted grants-in-aid	4,318	4,318	237,653	233,335
Tuition	-	-	119,929	119,929
Other state revenue	-	158,621	-	(158,621)
Revenue from federal sources				
Grants-in-aid				
Restricted grants-in-aid received directly from federal government	3,772,509	3,772,509	3,667,956	(104,553)
Restricted grants-in-aid received from federal government through the state	11,441,997	13,808,643	12,968,217	(840,426)
Johnson O'Malley funds	13,500	13,500	13,500	-
Other federal revenue	2,000	2,000	-	(2,000)
Total revenues	220,568,660	228,726,851	231,086,826	2,359,975

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Instruction				
Regular programs				
Elementary schools	49,427,700	50,318,664	48,661,216	1,657,448
Middle/junior high schools	27,573,479	27,723,585	27,976,609	(253,024)
High school	39,350,338	40,128,041	36,604,158	3,523,883
Preschool services	-	30,837	296,719	(265,882)
Special programs				
Gifted and talented	917,670	924,271	974,289	(50,018)
Culturally different	8,377,097	8,449,684	7,923,786	525,898
Educationally deprived	5,011,425	5,821,708	5,853,727	(32,019)
Other special programs	7,117,578	7,598,403	7,271,035	327,368
Support services				
Pupils				
Attendance and social work	1,491,226	1,900,902	2,290,547	(389,645)
Guidance	7,234,973	7,291,109	7,488,433	(197,324)
Health	1,535,216	1,535,216	1,558,651	(23,435)
Support services - instructional staff				
Improvement of instruction	8,645,502	9,094,666	7,533,265	1,561,401
Educational media	4,526,136	4,554,228	4,825,520	(271,292)
Support services - general administration				
Board of Education	1,642,952	1,642,952	2,634,570	(991,618)
Executive administration	1,132,946	1,132,946	1,280,199	(147,253)
Support services - school administration				
Office of the Principal	16,440,813	16,637,961	16,648,352	(10,391)
Title I program administration	-	47,647	42,693	4,954
Other support services	2,116,226	2,158,700	2,138,292	20,408
Support services - business				
Fiscal services	2,239,213	2,239,892	1,964,041	275,851
Operation and maintenance of plant	25,973,561	25,980,770	23,868,372	2,112,398
Pupil transportation	6,591,290	6,763,928	6,321,134	442,794
Food services	329,840	905,726	824,629	81,097
Internal services	1,000	1,000	2,686	(1,686)
Support services - central				
Planning	1,376,675	1,376,675	1,347,589	29,086
Staff	1,507,980	1,553,923	1,617,006	(63,083)
Data processing	5,263,025	5,263,025	4,950,018	313,007
Community services				
Nonpublic school	-	300,887	236,524	64,363
Other	238,717	-	-	-
Nonprogrammed costs				
Payments to state - unemployment	15,000	15,000	20,456	(5,456)
Early retirement payments	250,000	250,000	210,242	39,758
Co-curricular activities				
Male activities	2,003,854	2,522,010	2,421,531	100,479
Female activities	2,036,664	2,360,313	2,120,664	239,649
Combined activities	1,462,362	3,571,928	3,882,790	(310,862)
Total expenditures	231,830,458	240,096,597	231,789,743	8,306,854
Excess of Revenue over (under) Expenditures	(11,261,798)	(11,369,746)	(702,917)	10,666,829

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Other Financing Sources (Uses)				
Transfers in	4,250,000	4,250,000	-	(4,250,000)
Subscription proceeds	-	-	75,189	75,189
Sale of surplus property	-	-	2,380	2,380
Total other financing sources (uses)	4,250,000	4,250,000	77,569	(4,172,431)
Net Change in Fund Balances	(7,011,798)	(7,119,746)	(625,348)	6,494,398
Fund Balance - Beginning	39,415,286	39,415,286	39,415,286	-
Fund Balance - Ending	$ 32,403,488	$ 32,295,540	$ 38,789,938	$ 6,494,398

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Revenue from local sources				
Taxes				
Ad valorem taxes	$ 37,798,388	$ 37,798,388	$ 37,428,809	$ (369,579)
Prior year's ad valorem taxes	-	-	348,790	348,790
Other taxes	11,000	11,000	105,561	94,561
Penalties and interest on taxes	-	-	52,566	52,566
Tuition and fees	40,572	40,572	31,796	(8,776)
Earnings on investments and deposits	260,000	2,260,000	2,279,892	19,892
Other revenue from local sources				
Rentals	-	-	20,600	20,600
Contributions and donations	10,916	10,916	170,916	160,000
Judgments	300	300	645	345
Other	52,784	658,072	748,789	90,717
Revenue from state sources				
Other state revenue	-	-	13,483	13,483
Revenue from federal sources				
Grants-in-aid				
Restricted grants-in-aid received directly from federal government	-	-	64,605	64,605
Restricted grants-in-aid received from federal government through the state	-	-	248,088	248,088
Other federal revenue	150,000	150,000	2,220,840	2,070,840
Total revenues	38,323,960	40,929,248	43,735,380	2,806,132
Expenditures				
Instruction				
Regular programs				
Elementary schools	1,675,353	2,570,217	2,169,870	400,347
Middle/junior high schools	952,868	1,078,549	948,284	130,265
High school	1,406,672	1,484,022	1,310,811	173,211
Special programs				
Programs for special education	-	-	19,310	(19,310)
Other special programs	39,753	50,840	45,149	5,691
Support services				
Pupils				
Health	8,580	8,580	9,985	(1,405)
Support services - instructional staff				
Improvement of instruction	14,018	14,697	2,036	12,661
Educational media	18,215	18,215	9,920	8,295
Support services - school administration				
Office of the Principal	107,513	124,724	58,092	66,632
Other support services	3,000	3,000	33,079	(30,079)
Support services - business				
Fiscal services	34,232	1,534,232	1,468,620	65,612
Facilities acquisition and construction	8,983,012	11,021,938	9,247,699	1,774,239
Operation and maintenance of plant	586,450	706,530	590,580	115,950
Pupil transportation	75,000	75,000	48,884	26,116
Support services - central				
Planning	80,000	80,000	82,995	(2,995)
Data processing	1,535,658	5,035,658	5,065,928	(30,270)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Nonprogrammed charges				
Other nonprogrammed costs	1,283,263	1,283,263	1,179,755	103,508
Debt services	11,240,494	11,240,494	11,240,494	-
Co-curricular activities				
Male activities	213,978	250,498	368,189	(117,691)
Female activities	173,978	212,264	325,635	(113,371)
Combined activities	-	229,044	404,355	(175,311)
Total expenditures	28,432,037	37,021,765	34,629,670	2,392,095
Excess of Revenue over Expenditures	9,891,923	3,907,483	9,105,710	5,198,227
Other Financing Sources (Uses)				
Transfers out	(4,250,000)	(10,250,000)	(9,950,000)	300,000
Sale of surplus property	-	-	25,790	(25,790)
Total other financing sources (uses)	(4,250,000)	(10,250,000)	(9,924,210)	274,210
Net Change in Fund Balances	5,641,923	(6,342,517)	(818,500)	5,472,437
Fund Balance - Beginning	71,286,014	71,286,014	71,286,014	-
Fund Balance - Ending	$ 76,927,937	$ 64,943,497	$ 70,467,514	$ 5,472,437

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Revenue from local sources				
Taxes				
Ad valorem taxes	$ 27,435,753	$ 27,435,753	$ 28,234,151	$ 798,398
Prior year's ad valorem taxes	-	-	266,403	266,403
Other taxes	10,000	10,000	78,927	68,927
Penalties and interest on taxes	15,000	15,000	39,342	24,342
Tuition and fees	117,000	117,000	433,948	316,948
Earnings on investments and deposits	300,000	300,000	390,045	90,045
Other revenue from local sources				
Charges for services	520,000	520,000	598,386	78,386
Other	-	10,091	13,324	3,233
Revenue from state sources				
Grants-in-aid				
Restricted grants-in-aid	28,552,699	28,552,699	27,247,058	(1,305,641)
Tuition	10,000	32,095	25,155	(6,940)
Other state revenue	-	-	530	530
Revenue from federal sources				
Grants-in-aid				
Restricted grants-in-aid received from federal government through the state	7,760,000	7,760,000	6,443,135	(1,316,865)
Total revenues	64,720,452	64,752,638	63,770,404	(982,234)
Expenditures				
Instruction				
Special programs				
Programs for special education	45,470,676	44,730,459	42,995,121	1,735,338
Coordinated early intervening services instruction	-	818,306	749,094	69,212
Support services				
Pupils				
Health	10,558	10,558	38,074	(27,516)
Psychological	42,230	42,230	4,980	37,250
Speech pathology	4,358,677	4,358,677	4,205,679	152,998
Student therapy services	2,998,166	2,998,166	2,960,420	37,746
Orientation and mobility services	157,700	157,700	98,093	59,607
Support services - instructional staff				
Improvement of instruction	-	-	101,581	(101,581)
Support services - special education				
Administrative costs	2,481,030	2,481,030	3,631,704	(1,150,674)
Transportation costs	3,259,547	3,259,547	3,829,610	(570,063)
Other special education costs	6,439,462	6,439,462	5,481,152	958,310
Nonprogrammed charges				
Early retirement payments	41,000	41,000	58,779	(17,779)
Debt services	-	-	62,106	(62,106)
Total expenditures	65,259,046	65,337,135	64,216,393	1,120,742
Excess of Revenue over (under) Expenditures	(538,594)	(584,497)	(445,989)	138,508
Net Change in Fund Balances	(538,594)	(584,497)	(445,989)	138,508
Fund Balance - Beginning	10,630,012	10,630,012	10,630,012	-
Fund Balance - Ending	$ 10,091,418	$ 10,045,515	$ 10,184,023	$ 138,508

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Revenue from local sources				
Tuition and fees	$ 223,100	$ 223,100	$ 234,480	$ 11,380
Post secondary program tuition and fees	14,469,412	14,469,412	15,141,732	672,320
Earnings on investments and deposits	300,000	300,000	414,777	114,777
Co-curricular activities				
Bookstore sales	675,000	675,000	732,780	57,780
Post secondary				
Resales/services - occupational programs	77,500	77,500	81,528	4,028
Other revenue from local sources				
Rentals	7,000	7,000	20,658	13,658
Contributions and donations	719,500	719,500	799,531	80,031
Other	434,028	484,741	503,774	19,033
Revenue from state sources				
Grants-in-aid				
Unrestricted grants-in-aid	11,994,939	11,994,939	11,953,658	(41,281)
Other state revenue	3,739,825	3,739,825	3,144,693	(595,132)
Revenue from federal sources				
Restricted grants-in-aid received from federal government through the state	1,229,961	1,229,961	1,285,984	56,023
Other federal revenue	42,250	42,250	45,109	2,859
Total revenues	33,912,515	33,963,228	34,358,704	395,476
Expenditures				
Instruction				
Adult continuing education programs	457,468	457,468	362,884	94,584
Post secondary occupational programs	18,370,251	18,418,248	17,354,775	1,063,473
Support services				
Pupils				
Guidance	1,255,691	1,255,691	1,167,453	88,238
Support services - instructional staff				
Improvement of instruction	1,469,411	1,469,411	1,246,831	222,580
Support services - general administration				
Board of Education	430,500	430,500	451,338	(20,838)
Executive administration	241,232	241,232	257,273	(16,041)
Support services - school administration				
Financial aid administration	434,641	434,641	423,626	11,015
Other support services	4,364,899	4,367,615	4,558,642	(191,027)
Support services - business				
Fiscal services	1,234,475	1,234,475	1,025,989	208,486
Facilities acquisition and construction	1,519,602	1,519,602	412,977	1,106,625
Operation and maintenance of plant	2,591,587	2,591,587	2,468,824	122,763
Internal services	70,063	70,063	35,883	34,180
Support services - central				
Staff	4,000	4,000	229	3,771
Data processing	2,025,190	2,025,190	2,359,650	(334,460)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Nonprogrammed charges				
Payments to state - unemployment	-	-	11	(11)
Debt services	-	-	267,158	(267,158)
Co-curricular activities				
Combined activities	29,289	29,289	26,344	2,945
Total expenditures	34,498,299	34,549,012	32,419,887	2,129,125
Excess of Revenue under Expenditures	(585,784)	(585,784)	1,938,817	2,524,601
Other Financing Sources (Uses)				
Transfers out	(200,000)	(200,000)	(125,441)	74,559
Total other financing sources (uses)	(200,000)	(200,000)	(125,441)	74,559
Net Change in Fund Balances	(785,784)	(785,784)	1,813,376	2,599,160
Fund Balance - Beginning	7,207,978	7,207,978	7,207,978	-
Fund Balance - Ending	$ 6,422,194	$ 6,422,194	$ 9,021,354	$ 2,599,160

Note 1 - Budgets and Budgetary Accounting

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

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

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

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

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

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

6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in Number 8.

7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year.

8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when money is 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 special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2 - U.S. GAAP and Budgetary Accounting Basis Differences

The School District is reporting financial position, results of operations, and changes in fund balances on the basis of GAAP, while the budgetary comparison schedules are presented on the budgetary basis to provide meaningful comparison of actual results with the budget. There are no major differences between the budgetary basis and the GAAP basis presented.

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2025	7.0856%	$ (286,823)	$ 198,485,539	-0.14%	100.00%
SDRS	6/30/2024	7.2309%	(705,767)	186,022,663	-0.38%	100.10%
SDRS	6/30/2023	7.2433%	(684,537)	172,617,699	-0.4%	100.10%
SDRS	6/30/2022	7.0501%	(53,992,068)	159,469,039	-33.9%	105.52%
SDRS	6/30/2021	7.0940%	(308,079)	155,059,071	-0.2%	100.04%
SDRS	6/30/2020	7.2080%	(763,873)	152,782,829	-0.5%	100.09%
SDRS	6/30/2019	7.2250%	(168,498)	149,876,141	-0.1%	100.02%
SDRS	6/30/2018	7.1260%	(646,650)	144,439,370	-0.4%	100.10%
SDRS	6/30/2017	6.9870%	23,600,235	132,577,390	17.8%	96.89%
SDRS	6/30/2016	7.0950%	(30,092,793)	129,193,358	-23.3%	104.10%

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

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
SDRS	6/30/2025	$ 12,466,706	$ 12,466,706	$ -	$ 207,562,143	6.0%
SDRS	6/30/2024	11,927,176	11,927,176	-	198,485,539	6.0%
SDRS	6/30/2023	11,187,937	11,187,937	-	186,022,663	6.0%
SDRS	6/30/2022	10,379,611	10,379,611	-	172,617,699	6.0%
SDRS	6/30/2021	9,594,414	9,594,414	-	159,469,039	6.0%
SDRS	6/30/2020	9,331,331	9,331,331	-	155,059,071	6.0%
SDRS	6/30/2019	9,188,464	9,188,464	-	152,782,829	6.0%
SDRS	6/30/2018	9,015,464	9,015,464	-	149,876,141	6.0%
SDRS	6/30/2017	8,682,042	8,682,042	-	144,439,370	6.0%
SDRS	6/30/2016	7,975,665	7,975,665	-	132,577,390	6.0%

Changes from Prior Valuation

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

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

Benefit Provision Changes

During the 2024 legislative session, no significant SDRS benefit changes were made.

Actuarial Assumption Changes

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

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

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

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

Actuarial Method Changes

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

Sioux Falls School District 49-5

Supplementary Information
June 30, 2025

	Debt Service Fund	Capital Project Funds					
	Bond Redemption	New Elementary School	Capital Improvement Plan	Hail Damage	New High School	New Middle School	Totals
Assets							
Cash and cash equivalents	$ 7,013,286	$ 1,209,172	$ 7,467,868	$ 1,491,799	$ 119,875	$ 5,827,685	$ 23,129,685
Taxes receivable - current	5,680,027	-	-	-	-	-	5,680,027
Taxes receivable - delinquent	102,431	-	-	-	-	-	102,431
Total assets	$ 12,795,744	$ 1,209,172	$ 7,467,868	$ 1,491,799	$ 119,875	$ 5,827,685	$ 28,912,143
Liabilities							
Accounts payable	$ -	$ 484,925	$ 1,564,009	$ -	$ -	$ 601,027	$ 2,649,961
Total liabilities	-	484,925	1,564,009	-	-	601,027	2,649,961
Deferred Inflows of Resources							
Unavailable revenue-delinquent property taxes	102,431	-	-	-	-	-	102,431
Taxes levied for future period	6,074,020	-	-	-	-	-	6,074,020
Total deferred inflows of resources	6,176,451	-	-	-	-	-	6,176,451
Fund Balance							
Restricted for							
Debt service	6,619,293	-	-	-	-	-	6,619,293
Capital projects	-	724,247	5,903,859	-	119,875	5,226,658	11,974,639
Assigned for							
Hail damage projects	-	-	-	1,491,799	-	-	1,491,799
Total fund balance	6,619,293	724,247	5,903,859	1,491,799	119,875	5,226,658	20,085,731
	$ 12,795,744	$ 1,209,172	$ 7,467,868	$ 1,491,799	$ 119,875	$ 5,827,685	$ 28,912,143

	Debt Service Fund	Capital Project Funds					
	Bond Redemption	New Elementary School	Capital Improvement Plan	Hail Damage	New High School	New Middle School	Totals
Revenues							
Revenue from local sources							
Taxes							
Ad valorem taxes	$ 12,015,628	$ -	$ -	$ -	$ -	$ -	$ 12,015,628
Prior year's ad valorem taxes	113,125	-	-	-	-	-	113,125
Other taxes	33,667	-	-	-	-	-	33,667
Penalties and interest on taxes	16,275	-	-	-	-	-	16,275
Earnings on investments and deposits	117,139	17	7	-	-	125,831	242,994
Other revenue from local sources							
Contributions and donations	-	-	-	-	-	5,117,099	5,117,099
Judgments	-	11,653	-	-	-	-	11,653
Total revenues	12,295,834	11,670	7	-	-	5,242,930	17,550,441
Expenditures							
Debt services	12,277,814	-	-	-	-	-	12,277,814
Capital outlay	-	16,242,598	3,667,812	1,941,972	50,238	4,821,077	26,723,697
Total expenditures	12,277,814	16,242,598	3,667,812	1,941,972	50,238	4,821,077	39,001,511
Excess of Revenue over (under) Expenditures	18,020	(16,230,928)	(3,667,805)	(1,941,972)	(50,238)	421,853	(21,451,070)
Other Financing Sources (Uses)							
Transfers in	-	16,750,000	-	-	-	-	16,750,000
Transfers out	-	-	(2,000,000)	-	(4,800,000)	-	(6,800,000)
Total other financing sources	-	16,750,000	(2,000,000)	-	(4,800,000)	-	9,950,000
Net Change in Fund Balances	18,020	519,072	(5,667,805)	(1,941,972)	(4,850,238)	421,853	(11,501,070)
Fund Balance - Beginning	6,601,273	205,175	11,571,664	3,433,771	4,970,113	4,804,805	31,586,801
Fund Balance - Ending	$ 6,619,293	$ 724,247	$ 5,903,859	$ 1,491,799	$ 119,875	$ 5,226,658	$ 20,085,731

	Enterprise Funds						Internal Service Funds		
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Assets									
Current assets									
Cash and cash equivalents	$ 796,908	$ 6,630	$ 119,516	$ 119,673	$ -	$ 1,042,727	$ 13,023,138	$ 791,383	$ 13,814,521
Accounts receivable, net	85,910	1,399	37,879	-	270,810	395,998	1,355,734	-	1,355,734
Due from other governments	-	-	-	91,297	-	91,297	-	-	-
Inventory of supplies	1,138,133	2,555	-	-	-	1,140,688	-	-	-
Prepaid expenses	-	-	-	4,225	-	4,225	-	-	-
Total current assets	2,020,951	10,584	157,395	215,195	270,810	2,674,935	14,378,872	791,383	15,170,255
Noncurrent Assets									
Advance to imprest	-	-	-	15,000	-	15,000	-	-	-
Net pension asset	245	159	394	6,187	-	6,985	-	-	-
Capital assets									
Buildings	23,720	-	-	-	-	23,720	-	-	-
Improvements other than buildings	-	-	6,866	-	-	6,866	-	-	-
Machinery and equipment	286,998	186,842	10,303	143,961	11,129	639,233	-	73,591	73,591
Accumulated depreciation	(292,762)	(166,815)	(16,702)	(84,401)	(6,839)	(567,519)	-	(72,139)	(72,139)
Right-of-use lease assets	-	-	-	-	-	-	-	680,853	680,853
Accumulated amortization	-	-	-	-	-	-	-	(113,476)	(113,476)
Total noncurrent assets	18,201	20,186	861	80,747	4,290	124,285	-	568,829	568,829
Deferred Outflows of Resources									
Pension related deferred outflows	46,867	30,328	75,295	1,182,034	-	1,334,524	-	-	-
OPEB related deferred outflows	6,112	3,953	9,184	145,779	-	165,028	-	-	-
Total deferred outflows of resources	52,979	34,281	84,479	1,327,813	-	1,499,552	-	-	-
	$ 2,092,131	$ 65,051	$ 242,735	$ 1,623,755	$ 275,100	$ 4,298,772	$ 14,378,872	$ 1,360,212	$ 15,739,084

	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Internal Service Funds Insurance Trust	Reprographics	Totals
Liabilities									
Current Liabilities									
Accounts payable	$ 54,470	$ 1,541	$ 284	$ 818,298	$ 32,369	$ 906,962	$ 19,549	$ 14,790	$ 34,339
Contracts and benefits payable	10,258	6,164	27,756	561,059	8,902	614,139	-	5,224	5,224
Sales tax payable	324	333	-	-	15,810	16,467	-	-	-
Incurred but not reported claims	-	-	-	-	-	-	3,400,000	-	3,400,000
Due to other funds	-	-	-	2,319	95,401	97,720	-	-	-
Compensated absences payable	13,381	12,868	2,613	120,999	-	149,861	-	17,240	17,240
Deposits payable	-	-	-	11,420	-	11,420	-	-	-
Total current liabilities	78,433	20,906	30,653	1,514,095	152,482	1,796,569	3,419,549	37,254	3,456,803
Noncurrent Liabilities									
Net OPEB obligation	27,435	17,745	41,224	654,357	-	740,761	-	-	-
Lease liabilities	-	-	-	-	-	-	-	575,059	575,059
Total noncurrent liabilities	27,435	17,745	41,224	654,357	-	740,761	-	575,059	575,059
Deferred Inflows of Resources									
Pension related deferred inflows	30,932	20,016	49,695	780,148	-	880,791	-	-	-
OPEB related deferred inflows	6,587	4,260	9,897	157,107	-	177,851	-	-	-
Total deferred inflows of resources	37,519	24,276	59,592	937,255	-	1,058,642	-	-	-
Net Position									
Net investment in capital assets	17,956	20,027	467	59,560	4,290	102,300	-	(6,230)	(6,230)
Restricted for pension benefits	16,180	10,471	25,994	408,073	-	460,718	-	-	-
Unrestricted net position (deficit)	1,914,608	(28,374)	84,805	(1,949,585)	118,328	139,782	10,959,323	754,129	11,713,452
Total net position (deficit)	1,948,744	2,124	111,266	(1,481,952)	122,618	702,800	10,959,323	747,899	11,707,222
	$ 2,092,131	$ 65,051	$ 242,735	$ 1,623,755	$ 275,100	$ 4,298,772	$ 14,378,872	$ 1,360,212	$ 15,739,084

	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Internal Service Funds: Insurance Trust	Internal Service Funds: Reprographics	Internal Service Funds: Totals
Operating Revenues									
Sales									
Tuition	$ -	$ -	$ -	$ 4,385,372	$ -	$ 4,385,372	$ -	$ -	$ -
To pupils	-	231,377	-	-	-	231,377	-	-	-
To adults	-	26,626	-	-	-	26,626	-	-	-
Bookstore sales	2,439,632	-	-	-	-	2,439,632	-	-	-
Self-insurance premiums	-	-	-	-	-	-	51,456,543	-	51,456,543
Daycare charges for services	-	-	508,581	5,921,773	-	6,430,354	-	-	-
Other local revenue	17,908	12,206	6,663	1,971,132	522,330	2,530,239	-	700,716	700,716
Total operating revenues	2,457,540	270,209	515,244	12,278,277	522,330	16,043,600	51,456,543	700,716	52,157,259
Operating Expenses									
Salaries	224,349	175,658	341,449	5,022,268	38,572	5,802,296	-	163,620	163,620
Employee benefits	75,170	43,969	109,226	1,610,473	25,775	1,864,613	-	36,009	36,009
Purchased services	26,748	8,392	1,108	6,216,629	15,337	6,268,214	4,687,661	234,486	4,922,147
Supplies	2,006,960	153,781	13,302	150,303	199,085	2,523,431	14,028	47,827	61,855
Cost of sales - purchased	748	331	1,446	365,816	-	368,341	-	-	-
Other	184,347	3,676	153	89,152	2,402	279,730	45,514,566	-	45,514,566
Depreciation	6,475	18,444	61	13,250	613	38,843	-	291	291
Amortization	-	-	-	-	-	-	-	145,439	145,439
Total operating expenses	2,524,797	404,251	466,745	13,467,891	281,784	17,145,468	50,216,255	627,672	50,843,927
Operating Income (Loss)	(67,257)	(134,042)	48,499	(1,189,614)	240,546	(1,101,868)	1,240,288	73,044	1,313,332

							Internal Service Funds		
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Nonoperating Revenue									
Local sources									
Investment earnings	-	-	-	-	-	-	437,984	-	437,984
Gain on sale of capital assets	-	-	-	6,678	-	6,678	-	-	-
Federal sources									
Federal grants	-	-	-	383,001	-	383,001	-	-	-
Total nonoperating revenue	-	-	-	389,679	-	389,679	437,984	-	437,984
Nonoperating Expense									
Interest expense	-	-	-	-	-	-	-	(20,000)	(20,000)
Total nonoperating revenue (expense)	-	-	-	389,679	-	389,679	437,984	(20,000)	417,984
Income (Loss) Before Transfers	(67,257)	(134,042)	48,499	(799,935)	240,546	(712,189)	1,678,272	53,044	1,731,316
Transfers in	-	125,441	-	-	-	125,441	-	-	-
Change in Net Position	(67,257)	(8,601)	48,499	(799,935)	240,546	(586,748)	1,678,272	53,044	1,731,316
Net Position (Deficit) - Beginning	2,016,001	10,725	62,767	(682,017)	(117,928)	1,289,548	9,281,051	694,855	9,975,906
Net Position (Deficit) - Ending	$ 1,948,744	$ 2,124	$ 111,266	$ (1,481,952)	$ 122,618	$ 702,800	$ 10,959,323	$ 747,899	$ 11,707,222

	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Internal Service Funds: Insurance Trust	Internal Service Funds: Reprographics	Internal Service Funds: Totals
Cash Flows from (used for) Operating Activities									
Cash receipts from customers	$ 2,413,183	$ 261,855	$ 480,393	$ 10,307,270	$ -	$ 13,462,701	$ -	$ -	$ -
Cash receipts from interfund services provided	-	-	-	-	-	-	50,100,809	-	50,100,809
Other operating cash receipts	17,908	12,206	6,663	1,971,132	284,520	2,292,429	-	700,716	700,716
Payments to employees	(292,328)	(214,856)	(432,930)	(6,414,085)	(60,443)	(7,414,642)	-	(193,707)	(193,707)
Payments to suppliers	(2,449,568)	(178,016)	(15,960)	(6,734,601)	(224,077)	(9,602,222)	(4,701,689)	(267,523)	(4,969,212)
Payments for claims	-	-	-	-	-	-	(44,725,490)	-	(44,725,490)
Net Cash from (used for) Operating Activities	(310,805)	(118,811)	38,166	(870,284)	-	(1,261,734)	673,630	239,486	913,116
Cash Flows from Noncapital Financing Activities									
Transfers in from other funds	-	125,441	-	-	-	125,441	-	-	-
Operating subsidies and grants	-	-	-	291,704	-	291,704	-	-	-
Net Cash from Noncapital Financing Activities	-	125,441	-	291,704	-	417,145	-	-	-
Cash Flows from (used for) Capital and Related Financing Activities									
Cash paid for lease liabilities - principal	-	-	-	-	-	-	-	(159,285)	(159,285)
Cash paid for lease liabilities - interest	-	-	-	-	-	-	-	(20,000)	(20,000)
Proceeds from disposal of capital assets	-	-	-	8,487	-	8,487	-	-	-
Purchase of capital assets	-	-	-	(7,195)	-	(7,195)	-	-	-
Net Cash from (used for) Capital and Related Financing Activities	-	-	-	1,292	-	1,292	-	(179,285)	(179,285)
Cash Flows from Investing Activities									
Cash received for interest	-	-	-	-	-	-	437,984	-	437,984
Net Cash from Investing Activities	-	-	-	-	-	-	437,984	-	437,984
Net Change in Cash and Cash Equivalents	(310,805)	6,630	38,166	(577,288)	-	(843,297)	1,111,614	60,201	1,171,815
Cash and Cash Equivalents, Beginning of Year	1,107,713	-	81,350	696,961	-	1,886,024	11,911,524	731,182	12,642,706
Cash and Cash Equivalents, End of Year	$ 796,908	$ 6,630	$ 119,516	$ 119,673	$ -	$ 1,042,727	$ 13,023,138	$ 791,383	$ 13,814,521

	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Internal Service Funds: Insurance Trust	Internal Service Funds: Reprographics	Internal Service Funds: Totals
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities									
Operating income (loss)	$ (67,257)	$ (134,042)	$ 48,499	$ (1,189,614)	$ 240,546	$ (1,101,868)	$ 1,240,288	$ 73,044	$ 1,313,332
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities									
Depreciation and amortization expense	6,475	18,444	61	13,250	613	38,843	-	145,730	145,730
Change in assets and liabilities									
Receivables	(26,449)	3,852	(28,188)	-	(237,810)	(288,595)	(1,355,734)	-	(1,355,734)
Inventories	(188,675)	1,234	-	-	-	(187,441)	-	-	-
Prepaid expenses	-	-	-	2,347	-	2,347	-	-	-
Pension asset and deferred outflows	5,310	3,281	(4,568)	221,850	-	225,873	-	-	-
OPEB deferred outflows	729	613	395	27,055	-	28,792	-	-	-
Accounts and other payables	(42,090)	(141)	49	85,216	7,030	50,064	789,076	14,790	803,866
Contracts payable	748	1,018	5,001	6,654	3,904	17,325	-	4,808	4,808
Due to other funds	-	(12,929)	-	(264)	(14,283)	(27,476)	-	-	-
Compensated absences payable	(1,825)	(1,000)	2,613	5,592	-	5,380	-	1,114	1,114
Deposits payable	-	-	-	125	-	125	-	-	-
Pension liability and deferred inflows	696	539	8,674	(33,159)	-	(23,250)	-	-	-
OPEB liability and deferred inflows	1,533	320	5,630	(9,336)	-	(1,853)	-	-	-
Net Cash from (used for) Operating Activities	$ (310,805)	$ (118,811)	$ 38,166	$ (870,284)	$ -	$ (1,261,734)	$ 673,630	$ 239,486	$ 913,116

	Flexible Spending Accounts	HEFA Fees	Other Custodial Funds	Totals
Assets				
Cash and cash equivalents	$ 564,235	$ 33,326	$ 49,444	$ 647,005
Due from other funds	116,719	-	-	116,719
Total assets	$ 680,954	$ 33,326	$ 49,444	$ 763,724
Liabilities				
Due to local governments	$ -	$ 33,326	$ -	$ 33,326
Total liabilities	$ -	$ 33,326	$ -	$ 33,326
Net Position				
Restricted for individuals and organizations	$ 680,954	$ -	$ 49,444	$ 730,398

	Flexible Spending Accounts	HEFA Fees	Other Custodial Funds	Totals
Additions				
Fees collected for other governments	$ -	$ 2,248,596	$ -	$ 2,248,596
Employee contributions	1,432,260	-	-	1,432,260
Other	-	-	18,066	18,066
Total additions	1,432,260	2,248,596	18,066	3,698,922
Deductions				
Payment of fees to other governments	-	2,248,596	-	2,248,596
Payments to employees	1,360,786	-	-	1,360,786
Total deductions	1,360,786	2,248,596	-	3,609,382
Change in Net Position	71,474	-	18,066	89,540
Net Position - Beginning	609,480	-	31,378	640,858
Net Position - Ending	$ 680,954	$ -	$ 49,444	$ 730,398

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*

The School Board
Sioux Falls School District 49-5
Sioux Falls, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sioux Falls School District 49-5 (the School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 27, 2026. Our report includes a reference to other auditors who audited the financial statements of Southeast Technical Institute Housing Foundation, as described in our report on the Sioux Falls School District 49-5's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School 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*.

School District's Response to Findings

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

Purpose of this Report

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

Eide Bailly LLP

Aberdeen, South Dakota
March 27, 2026

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the School Board
Sioux Falls School District 49-5
Sioux Falls, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sioux Falls School District 49-5's (the School District)'s 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 School District's major federal programs for the year ended June 30, 2025. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-003 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Aberdeen, South Dakota
March 27, 2026

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Pass-Through the SD Department of Education			
Child Nutrition Cluster			
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	*	$ 1,207,784
Cash Assistance			
School Breakfast Program	10.553	*	1,981,538
National School Lunch Program	10.555	*	7,259,122
Summer Food Service Program for Children	10.559	*	188,292
Cash Assistance Total			9,428,952
Fresh Fruit and Vegetable Program	10.582	*	584,798
Total for Child Nutrition Cluster			11,221,534
Child and Adult Care Food Program	10.558	*	61,438
Total U.S. Department of Agriculture			11,282,972
U.S. Department of the Interior			
477 Cluster			
Indian Education Assistance to Schools - Johnson O'Malley	15.130	N/A	13,500
Federal Communication Commission			
Universal Service Fund - Schools and Libraries	32.004	N/A	2,176,712
Department of Veterans Affairs			
Post-9/11 Veterans Educational Assistance	64.028	N/A	2,864
U.S. Department of Education			
Direct Federal Funding			
Student Financial Aid - Cluster			
Federal Pell Grant Program	84.063	N/A	5,219,160
Federal Workstudy Program	84.033	N/A	61,349
FSEOG Program	84.007	N/A	75,000
Direct Loan Program	84.268	N/A	7,786,074
Total Student Financial Aid Cluster			13,141,583

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (continued)			
Indian Education Grants to Local Educational Agencies	84.060	N/A	399,608
Education Stabilization Fund			
Passed through the SD Department of Education			
COVID-19 - American Rescue Plan - Elementary & Secondary Emergency Relief Fund (ARP ESSER)	84.425U	S425U210050	25,315
COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	S425W210043	36,349
Total Education Stabilization Fund			61,664
Pass-Through SD Department of Labor			
Adult Education - Basic Grants to States	84.002	*	151,083
Pass-Through the SD Department of Education			
Title I Grants to Local Educational Agencies	84.010	S010A200041	7,889,498
Migrant Education - State Grant Program	84.011	S011A200042	431,744
Career and Technical Education - Basic Grants to States	84.048	V048A200041	1,514,863
Special Education - Grants for Infants and Families	84.181	*	59,921
Education for Homeless Children and Youth	84.196	S196A200043	111,009
Twenty-First Century Community Learning Centers	84.287	*	383,001
Title III, English Language Acquisition State Grants	84.365	S367A200039	343,747
Improving Teacher Quality State Grants	84.367	S367A200039	1,850,615
Title IV - A	84.424	S524A200043	795,189
Title IV - F	84.424	*	419,978
Total Title IV			1,215,167
Special Education Cluster			
Special Education - Grants to States	84.027	H027A200091	6,280,091
Special Education - Preschool Grants	84.173	H17A200091	126,598
Total for Special Education Cluster			6,406,689
Total U.S. Department of Education			33,960,192

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services			
Direct Federal Funding			
Head Start Cluster			
Head Start	93.600	N/A	3,332,953
Pass-Through the SD Department of Human Services			
Temporary Assistance for Needy Families	93.558	*	47,275
Pass-Through Lutheran Social Services			
Refugee and Entrant Assistance Discretionary Grants	93.566	2101SDRSOC	242,597
Pass-Through the SD Department of Health and Human Services			
Development and Coordination of Rural Health Services	93.913	*	6,000
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	*	29,645
Total U.S. Department of Health and Human Services			3,658,470
Total Federal Financial Assistance			$ 51,094,710

* Pass-though identifying numbers were not provided.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Sioux Falls School District 49-5 (the School District) under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subreceipient.

Note 3 - Indirect Cost Rate

The School District has not elected to use the 10% *de minimus* cost rate.

Note 4 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the School District had food commodities totaling $26,328 in inventory.

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
Student Financial Aid Cluster	
Federal Pell Grant Program	84.063
Federal Workstudy Program	84.033
FSEOG Program	84.007
Direct Loan Program	84.268
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Fresh Fruit and Vegetable Program	10.582
Improving Teacher Quality State Grants	84.367
Universal Service Fund - Schools and Libraries	32.004
Head Start Cluster	
Head Start	93.600

Dollar threshold used to distinguish between type A and type B programs:	$1,532,841
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2025-001 Audit Adjustments and Passed Audit Adjustments
Material Weakness

Criteria: The School District's internal control structure should be designed to provide for the preparation of and recording and processing of all entries to the financial statements being audited in accordance with generally accepted accounting principles.

Condition: During our audit procedures, we identified certain misstatements as a result of our audit procedures brought to the attention of and corrected by management. We also identified certain misstatements, deemed to be immaterial individually and in the aggregate to the financial statements as a whole, that were passed on for adjustment by management. We, as the auditor, were requested to maintain the GASB 87 and 96 lease and SBITA schedules for the School District as a nonattest service and made the necessary adjustments as part of the audit for lease and SBITA activities under GASB 87 and 96, which are included as part of the corrected identified misstatements.

Cause: The School District's internal controls did not identify and detect the misstatements noted during our audit, or in the case of GASB 87 and GASB 96 maintenance of schedules and calculation, the School District requested these to be performed by the auditor as a nonattest service; internal control would be to review and approve the result of the nonattest service provided. The School District, as a cost/benefit consideration, requested the maintenance of GASB 87 and GASB 96 schedules and calculations to be performed as a nonattest service with any proposed adjustments posted by the auditor.

Effect: The presence of identified audit adjustments and passed audit adjustments, or reliance on the auditor for certain adjustments, may affect the condition of financial information throughout the year being used by management in analysis and decision making and increase the risk that potential misstatements remain present in the financial statements.

Recommendation: We recommend management perform a thorough review of the account balances in each fund to ensure all necessary adjustments are reflected in the financial statements in accordance with generally accepted accounting principles. Furthermore, we recommend thorough review of all auditor-proposed adjustments from nonattest services provided prior to management approval.

Views of Responsible Officials: Management agrees with the finding. The School District, based upon consideration of certain cost and benefit factors of maintaining the lease and SBITA schedules internally and preparation of the related adjustments, determined requesting the auditor to maintain and prepare the schedules and proposed adjustments as the best use of current resources.

Section III – Federal Award Findings and Questioned Costs

2025-002 **Department of Education**
Student Financial Aid Cluster
Federal Financial Assistance Listing 84.268 – Federal Direct Student Loans, 84.063 - Federal Pell Grant Program, 84.007 – FSEOG Program
2024-2025 Award Year

Special Tests and Provision – Disbursements to or on Behalf of Students
Significant Deficiency in Internal Controls over Compliance

Criteria: When Title IV funds are credited to a student account and they exceed the amount of tuition and fees, food and housing, and other authorized charges assessed the student, a credit balance is created. The institution must pay the resulting credit balance directly to the student or parent borrower within 14 days after (1) the first day of class of a payment period if the credit balance occurred on or before that day, or (2) the balance occurred if that was after the first day of class. Also, as allowed under 34 CFR 668.164(c)(3), a school may pay prior award year charges up to $200. If over $200, student authorization is required to apply the payments to a prior-year balance.

Condition: During testing over credit balances, one student did not receive the refund on a timely basis.

Cause: The student was awarded aid at an off time in the semester, and the refund was not provided within the 14-day window.

Effect: The students were not given the refund in a timely manner.

Questioned Costs: None.

Context/Sampling: A nonstatistical sample of 60 students who received Title IV disbursements out of 1,903 students who received aid.

Repeat Finding from Prior Year(s): Yes.

Recommendation: We recommend disbursements made be reviewed to ensure that the refunds are being provided to students on a timely basis.

Views of Responsible Officials: Management agrees with the finding.

2025-003 Department of Education
Student Financial Aid Cluster
Federal Financial Assistance Listing 84.268 – Federal Direct Student Loans
2024-2025 Award Year

Special Tests and Provision – NSLDS Reporting
Significant Deficiency in Internal Controls over Compliance

Criteria: 34 CFR section 685.309 sets forth the criteria for administrative and fiscal control and fund accounting requirements for schools participating in the Direct Loan Program in regard to enrollment reporting requirements.

Condition: We identified through our testing over enrollment reporting one instance of a student's program begin date incorrectly reported to NSLDS.

Cause: An error in entry of the date was made in the system which is used to report to NSLDS, so the date was incorrectly reported.

Effect: The error in reporting resulted in incorrect program start date for the student.

Questioned Costs: None.

Context/Sampling: A nonstatistical sample of 60 students with a change in status out of approximately 820 students with a change in status were selected for testing of enrollment reporting requirements.

Repeat Finding from Prior Year(s): Yes.

Recommendation: We recommend the financial aid and registrar's offices review controls over information being entered into the software for dates and other academic information that is required to be reported to ensure that status changes and other academic information are certified within 60 days of the effective date.

Views of Responsible Officials: Management agrees with the finding.

SIOUX FALLS SCHOOL DISTRICT

Instructional Planning Center
201 East Thirty-eighth Street
Sioux Falls, South Dakota 57105-5898
(605) 367-7900

Summary Schedule of Prior Audit Findings

Financial Statement

Identifying Number: 2024-001: Audit Adjustments and Passed Audit Adjustments

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: Certain misstatements were identified and brought to the attention of and corrected by management. Also, certain misstatements deemed to be immaterial were passed on for adjustment and non-attest service adjustments were prepared and posted by the auditor.

Status of Finding: Ongoing, repeat as finding 2025-001

Single Audit

Identifying Number: 2024-002: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Initial Fiscal Year Finding Occurred: 2024

Finding Summary: Two errors were noted related to period of performance: 1) the lost revenue calculation was completed in October 2023, which was after the June 30, 2023 period of performance date; and 2) the District also spent money on expenses for the program in November 2023 and January 2024, which was after the 120-day liquidation period.

Status of Finding: Resolved

Identifying Number: 2024-003: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Initial Fiscal Year Finding Occurred: 2024

Finding Summary: The District used outstanding purchase order obligations to request reimbursement at the end of the liquidation period, but did not spend all of the outstanding purchase orders; therefore, receiving reimbursement for items that were never purchased.

Status of Finding: Resolved

Curriculum Services	Special Services	Finance Office	Superintendent/Human Resources
FAX (605) 367-7906	FAX (605) 367-4638	FAX (605) 367-7906	FAX (605) 367-4637

Relay Services for Hearing Impaired: Dial 711, then the desired number.

Identifying Number: 2024-004: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Initial Fiscal Year Finding Occurred: 2024

Finding Summary: The District received but did not disburse funds within the allowed three-day timeframe.

Status of Finding: Resolved

Identifying Number: 2024-005: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Initial Fiscal Year Finding Occurred: 2023

Finding Summary: There was no review of quarterly or annual HEERF reports prior to their submission.

Status of Finding: Resolved

Identifying Number: 2024-006: U.S. Department of Education: Federal Direct Student Loans – 84.268

Initial Fiscal Year Finding Occurred: 2023

Finding Summary: One student did not receive the refund on a timely basis, and two students had amounts applied to a prior-year balance over $200.

Status of Finding: Ongoing, repeat as finding 2025-002

Identifying Number: 2024-007: U.S. Department of Education: Federal Direct Student Loans – 84.268

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: Several instances of students' status changes not certified within required reporting periods.

Status of Finding: Ongoing, repeat as finding 2025-003

Instructional Planning Center
201 East Thirty-eighth Street
Sioux Falls, South Dakota 57105-5898
(605) 367-7900

CORRECTIVE ACTION PLAN
YEAR ENDED 6/30/25

Identifying Number: 2025-001: Audit Adjustments and Passed Audit Adjustments

Finding: Certain misstatements were identified and brought to the attention of and corrected by management. Also, certain misstatements deemed to be immaterial were passed on for adjustment. The auditors were requested to maintain the GASB 87 lease schedules and the GASB 96 SBITA schedules for the District as non-attest services and made the necessary adjustments for lease and SBITA activities, which are included as part of the corrected identified misstatements.

Corrective Action Taken or Planned:

The District, based on consideration of certain cost and benefit factors of maintaining the lease and SBITA schedules internally and preparation of the related adjustments, determined requesting the auditor to maintain and prepare the schedules and proposed adjustments as the best use of current resources.

Controls are in place and generally operating as designed. It was recommended that management perform a thorough review of the account balances in each fund to ensure all necessary adjustments are reflected in the financial statements. This review is done every year; however, oversights can periodically occur.

It was also recommended that management review and approve all auditor-proposed adjustments from non-attest services provided. Management will review and approve such auditor-proposed adjustments.

Contact person: Kenneth W Mosser, Comptroller

Status of finding – Account balance reviews will continue, and management will review all auditor-proposed adjustments.

CORRECTIVE ACTION PLAN
YEAR ENDED 6/30/25 (Continued)

Identifying Number: 2025-002: U.S. Department of Education: Federal Direct Student Loans – 84.268; Federal Pell Grant Program – 84.007

Finding: During testing over credit balances, it was noted that one student did not receive the refund on a timely basis.

Corrective Action Taken or Planned:

All scheduled disbursements will be reviewed to ensure they are provided on a timely basis and are applied correctly to prior award years. Business Office procedures and processing will be reviewed to ensure that credit balances are processed within the regulatory timeframe. New staff have been trained to monitor dates for compliance and have implemented checks with the Financial Aid Office.

Contact person: Micah Hansen, Director of Financial Aid and Christine Goldsmith, Vice President - Finance

Status of finding – The above corrective actions will be implemented beginning January 1, 2026.

Identifying Number: 2025-003: U.S. Department of Education: Federal Direct Student Loans – 84.268

Finding: During testing over enrollment reporting, one instance was identified where a student's program begin date was incorrectly reported to NDSLDS.

Corrective Action Taken or Planned:
There were several instances of dates submitted through the National Student Clearinghouse to NSLDS where dates were not aligning to submissions. In all but one case, those dates were confirmed to be matching the NSC submission and were not found to be erroneous. The one date is suspected to be due to a program change and those students with changes will be monitored by the Registrar and the Financial Aid Office.

Contact person: Micah Hansen, Director of Financial Aid

Status of finding – The above corrective actions will be implemented beginning January 1, 2026.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "**Disclosure Certificate**") is executed and delivered by Sioux Falls School District 49-5, Minnehaha and Lincoln Counties, South Dakota (the "**Issuer**") in connection with the issuance of its $________________ General Obligation Refunding Bonds, Series 2026 (the "**Bonds**"). The Bonds are being issued pursuant to a resolution (the "**Resolution**") adopted by the Issuer on May 11, 2026. The CUSIP Number of the final maturity of the Bonds is 8295961 ____.

The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with generally accepted accounting principles ("**GAAP**") for Governmental Units as prescribed by the Governmental Accounting Standards Board ("**GASB**") and the laws of the State.

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the Business Manager of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing from time to time.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

"Financial Information or Operating Data" means financial information or operating data of the Issuer described in Section 4(b) below.

"*Financial Obligation*" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or ***"MSRB"*** shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314. Reference is made to Commission Release No. 34-59062, December 5, 2008 (the "**Release**") relating to the MSRB's Electronic Municipal Market Access ("**EMMA**") system for municipal securities disclosure that became effective on July 1, 2009. To the extent applicable to this Disclosure Certificate, the Issuer shall comply with the Release and with EMMA.

"Official Statement" shall mean the Official Statement of the Issuer dated __________, 2026, prepared in connection with the issuance of the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Prescribed Form" means, with regard to the filing of the Annual Reports and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"Rule" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the Securities and Exchange Commission.

"State" shall mean the State of South Dakota.

SECTION 3. ***Provision of Annual Reports.*** The Issuer shall, or shall cause the Dissemination Agent to, not later than twelve months following the end of the Issuer's fiscal year (currently June 30), or such later date as when the Annual Report or portions thereof become available, commencing with the fiscal year ended June 30, 2026 (which is due no later than June 30, 2027, or such later date as when the Annual Report or portions thereof become available), provide its Annual Report to the MSRB which is consistent with the requirements of Section 4 of this Disclosure Certificate and which Annual Report is in the format and accompanied by such identifying information as is prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

The Issuer shall, or shall cause the Dissemination Agent to, provide notice of any failure of the Issuer to provide the Annual Report by the date specified in this Section 3, in each case to the MSRB not in excess of 10 business days after the occurrence of such failure.

SECTION 4. ***Content of Annual Reports.*** The Issuer's Annual Report shall contain or include by reference the following:

(a) The Audited Financial Statements of the Issuer prepared in accordance with the laws of the State and including all statements and information prescribed for inclusion therein by the Department of Legislative Audit of the State. If the Issuer's Audited Financial Statements are not available, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, to the extent that such unaudited financial statements are available. The Audited Financial Statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the Audited Financial Statements of the Issuer, the Annual Report shall also include updates of the following captions, headings and subheadings set forth in the Official Statement and Appendix A thereto:

OFFICIAL STATEMENT:

STATE OF SOUTH DAKOTA CREDIT ENHANCEMENT

- Historical State Aid
- State Aid Pledge Program Debt Service Coverage

APPENDIX A:

SELECTED FINANCIAL AND STATISTICAL INFORMATION OF THE DISTRICT

- District Valuation History
- District Historical Property Tax Collections
- District Historical General Fund Tax Collections

GENERAL INFORMATION OF THE DISTRICT

- District Enrollment History
- Employment/Staffing

To the extent all or portions of such financial information and operating data are included in the Issuer's Audited Financial Statements, such information and data need not be separately provided, but the Issuer shall file, or cause to be filed, a notice to such effect to accompany the Audited Financial Statements.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. *Reporting of Listed Events*.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, within ten (10) business days after the occurrence of the event, to MSRB notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of Bond Holders;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Issuer*;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee, or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Each notice of a Listed Event shall be in Prescribed Form and shall be so captioned and prominently state the date, title and (to the extent less than all of the Bonds are affected by the related Listed Event) CUSIP numbers of the Bonds. The Issuer may from time to time choose to provide notice of the occurrence of certain other events in addition to the Listed Events, but the Issuer does not undertake any commitment to provide such notice of any event except with respect to the Listed Events or otherwise specified herein.

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* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(c) Failure to provide the Annual Report by the date specified herein shall be reported to the MSRB in the same manner as set forth in this Section 5.

SECTION 6. ***EMMA***. The SEC has designated EMMA as the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

SECTION 7. ***Termination of Reporting Obligation.*** The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause the Participating Underwriter to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. ***Dissemination Agent.*** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 9. ***Amendment; Waiver.*** Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3, 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing its Audited Financial Statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the Audited Financial Statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. <u>Additional Information</u>. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. <u>Default</u>. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. <u>Beneficiaries</u>. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. <u>Issuer Contact</u>. The Issuer designates as the person from whom its Annual Report and Listed Events Disclosure can be obtained: Cameron Kerkhove, Business Manager, 201 E. 38^{th}, Sioux Falls, SD 57105, (605) 367-7909.

APPENDIX B

FORM OF PRICING NOTICE

**RELATING TO THE
INVITATION TO TENDER BONDS DATED July 24, 2026
made by
SIOUX FALLS SCHOOL DISTRICT 45-6
MINNEHAHA AND LINCOLN COUNTIES, SOUTH DAKOTA
to the Holders described herein of
all or any portion of the maturities listed herein of**

**Sioux Falls School District 45-6
Minnehaha and Lincoln Counties, South Dakota
General Obligation Refunding Bonds
Taxable Series 2021**

*The purpose of this Pricing Notice dated July 24, 2026 (the "**Pricing Notice**") is to either confirm or amend the Fixed Spreads for the Target Bonds. All other terms relating to the Invitation (hereinafter defined) remain unchanged.*

Pursuant to the Invitation to Tender Bonds dated July 24, 2026 (as it may be amended or supplemented, the "**Invitation**"), Sioux Falls School District 45-6, Minnehaha and Lincoln Counties, South Dakota (the "**District**") invited offers to tender bonds for cash at the applicable purchase prices based on a fixed spread to be added to the yields on certain benchmark United States Treasury Securities set forth in this Pricing Notice, plus accrued interest on the Target Bonds tendered for purchase to but not including the Settlement Date. All terms used herein and not otherwise defined are used as defined in the Invitation.

As set forth in the Invitation, the District retains the right to extend the Invitation, or amend the terms of the Invitation (including a waiver of any term) in any material respect, provided, that the District shall provide notice thereof at such time and in such manner to allow reasonable time for dissemination to Bondowners and for Bondowners to respond. In such event, any offers submitted with respect to the Target Bonds prior to such change in the Fixed Spreads for such Target Bonds pursuant to the Invitation will remain in full force and effect and any Bondowner of such affected Target Bonds as applicable, wishing to revoke their offer to tender such Target Bonds for purchase must affirmatively withdraw such offer prior to the Expiration Date, as extended.

The Invitation, including the Preliminary Official Statement dated July 24, 2026 relating to the District's General Obligation Refunding Bonds, Series 2026, is available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at http://emma.msrb.org, using the CUSIP numbers for the Target Bonds, and (ii) on the website of the Information Agent at https://www.globic.com/siouxfalls.

Any questions are to be directed to the Information Agent at (212) 227-9699.

TENDER OFFER – YIELD SPREADS

Pursuant to the Invitation, the Fixed Spreads for the Target Bonds are listed below and [are unchanged from the Invitation / have been revised since the date of the Invitation]. The Purchase Price to be paid on the Settlement Date excludes accrued interest on the Target Bonds tendered for purchase, which accrued interest will be paid to but not including the Settlement Date in addition to the Purchase Price.

Sioux Falls School District 45-6
Minnehaha and Lincoln Counties, South Dakota
General Obligation Refunding Bonds
Taxable Series 2021

CUSIP (Base No. 829596)	Maturity Date (August 1)	Interest Rate	Outstanding Principal Amount	Benchmark Treasury Security[(1)]	Indicative Fixed Spreads[(1)]
XK6	2027	1.326	8,190,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XL4	2028	1.516	8,310,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XM2	2029	1.722	8,445,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XN0	2030	1.902	8,600,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XP5	2031	1.982	8,765,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XQ3	2032	2.062	8,945,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XR1	2033	2.172	9,135,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XS9	2034	2.292	9,345,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XT7	2035	2.392	9,565,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XU4	2036	2.492	9,800,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XV2	2037	2.572	10,055,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XW0	2038	2.622	10,315,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps
XX8	2039	2.672	10,595,000	_.___% UST maturing __/__/20__ CUSIP: _________	[+] [-] [__] bps

1 Indicative Fixed Spreads and Benchmark Treasury Securities are preliminary and subject to change. Actual Fixed Spread and related Benchmark Treasury Security for each CUSIP will appear in the Pricing Notice.

The yields on the Benchmark Treasury Securities will be determined at 10:00 a.m. New York City time on Tuesday, August 11, 2026.

The table below provides an example of the Purchase Price realized by a Bondowner who submits an offer based on the following yields for the Benchmark Treasury Securities as of August 3, 2026 and the Fixed Spreads. This example is being provided for convenience only and is not to be relied upon by a Bondowner as an indication of the Purchase Yield or Purchase Price that may be paid by the District.

Based on such Benchmark Treasury Security yields, the following Purchase Prices would be derived:

Sioux Falls School District 45-6
Minnehaha and Lincoln Counties, South Dakota
General Obligation Refunding Bonds
Taxable Series 2021

CUSIP (Base No. 829596)	Maturity Date (August 1)	Benchmark Treasury Security	Indicative Benchmark Yield(1)	Fixed Spread	Indicative Purchase Yield(1)	Indicative Purchase Price per $100 Principal Amount(1)
XK6	2027	_.___% UST maturing __/__/20__ CUSIP: _________				
XL4	2028	_.___% UST maturing __/__/20__ CUSIP: _________				
XM2	2029	_.___% UST maturing __/__/20__ CUSIP: _________				
XN0	2030	_.___% UST maturing __/__/20__ CUSIP: _________				
XP5	2031	_.___% UST maturing __/__/20__ CUSIP: _________				
XQ3	2032	_.___% UST maturing __/__/20__ CUSIP: _________				
XR1	2033	_.___% UST maturing __/__/20__ CUSIP: _________				
XS9	2034	_.___% UST maturing __/__/20__ CUSIP: _________				
XT7	2035	_.___% UST maturing __/__/20__ CUSIP: _________				
XU4	2036	_.___% UST maturing __/__/20__ CUSIP: _________				
XV2	2037	_.___% UST maturing __/__/20__ CUSIP: _________				
XW0	2038	_.___% UST maturing __/__/20__ CUSIP: _________				
XX8	2039	_.___% UST maturing __/__/20__ CUSIP: _________				

1 Preliminary, subject to change.

As a measure of the sensitivity of the Purchase Yield to changes in the yield on the Benchmark Treasury Security, the following table shows the impact on the Purchase Yield of a 0.10% (10 basis point) movement in the yield on the Benchmark Treasury Security:

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Sioux Falls School District 45-6
Minnehaha and Lincoln Counties, South Dakota
General Obligation Refunding Bonds
Taxable Series 2021

			Indicative Purchase Price Per $100		
CUSIP (Base No. 829596)	Maturity Date (August 1)	Indicative Purchase Yield(1)	Assuming a 0.10% Increase in Treasury Security Yield(1)	Assuming Current Treasury Security Yield(1)	Assuming a 0.10% Decrease in Treasury Security Yield(1)
XK6	2027				
XL4	2028				
XM2	2029				
XN0	2030				
XP5	2031				
XQ3	2032				
XR1	2033				
XS9	2034				
XT7	2035				
XU4	2036				
XV2	2037				
XW0	2038				
XX8	2039				

1 Preliminary, subject to change.

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