

Request for Waiver - Cash Balance Penalty

SDCL 13-13-73.5

School District:

Hoven 53-2

Penalty Fiscal Year:

2026

Lowest Monthly Cash Balance, General Fund (FY2025)

\$1,182,403

Total General Fund Expenditures (FY2025)

\$1,843,847

Cash Balance %

64.13%

State Aid Fall Enrollment, Fall 2023

105.00

State Aid Fall Enrollment, Fall 2024

113.00

State Aid Fall Enrollment, Fall 2025 - PRELIMINARY

103.00

Allowable Cash Balance Percentage

40.00%

Amount Exceeding Allowable Percentage

\$444,864

Estimated FY2026 General State Aid Allocation

\$0

Please explain the reason(s) for this request and attach supporting documentation:

Our district does not qualify for state aid for general education under the state aid formula. Our district currently has a general fund balance that exceeds the allowable amount in order to ensure financial stability and continuity of operations. Because we do not receive state aid for general education under the state aid formula, our district relies heavily on local property tax revenue, an opt-out and other limited sources of funding to support instructional programs, staffing, and student services.

Maintaining a higher cash balance is necessary to:

- *Mitigate financial uncertainty related to changing property valuations, adjusted mill rates, legislative changes that may impact local revenue, and fluctuating enrollment (including Title III-English Learners);
- *Provide stability in our small, rural setting where unanticipated costs can have a disproportionate impact on the district's budget (such as a family moving in with a significant special education placement, transportation, staff turnover resulting in unplanned variability in teacher compensation, significant insurance increases,)
- *Manage cash flow during months when property tax revenues are not distributed, ensuring that payroll and operating expenses can be met without borrowing;

For these reasons, maintaining a balance above the state threshold is a necessary and prudent financial management practice for our district.

The School Finance & Accountability Board may consider a waiver due to special circumstances such as:

- 1) Revenue needed in following year(s) due to a natural disaster; or
- 2) Funding needed to expand educational programs; or
- 3) Impact of reorganization; or
- 4) Any unforeseen or extenuating circumstance explained on this request.

Superintendent Name:

April Hobert

Date:

10/29/25

Superintendent Signature:

April Hobert

Hoven School District 53-2 Taxable Valuations & Mill Rates

	Payable 2025	Payable 2026	Change
Taxable Valuations	\$655,362,411	\$646,470,588	(\$8,891,823)

	Total Valuation	Generated
2015-2016 Budget Year	523,795,992	\$1,000,490
2016-2017 Budget Year	597,458,415	\$1,097,996
2017-2018 Budget Year	646,668,593	\$1,127,148

2018-2019 Budget Year	643,484,424	\$1,159,761
2019-2020 Budget Year	646,402,481	\$1,138,183
2020-2021 Budget Year	624,333,516	\$1,070,623
2021-2022 Budget Year	576,216,809	\$ 966,489
2022-2023 Budget Year	585,970,336	\$ 969,475
2023-2024 Budget Year	629,363,752	\$1,063,979
2024-2025 Budget Year	655,362,411	\$1,011,545
2025-2026 Budget Year	645,257,927	\$ 944,725

The first three years listed show a trend of increased values and an increase in the amount generated.

The next four years listed show the trend of decreased amount generated.

The 2023-2024 budget, we generated in taxes \$94,504 more than the previous year. However, we collected \$6,644 less in taxes than we did in 2020-2021.

In 2024-2025 we see an increase in taxable valuation of \$25,998,659. However, with the new levies applied, we generate \$52,434 less than the prior budget year.

In 2025-2026 we see a decrease in taxable valuation of \$8,891,823 and a decrease in the amount of \$66,820 that is generated from the prior year budget.

Mill Rates:	2022-2023	2023-2024	2024-2025	2025-2026
Ag	1.362	1.320	1.197	1.125
Owner Occupied	3.048	2.954	2.679	2.518
Commercial	6.308	6.113	5.544	5.211
Capital Outlay	.629	.603	.602	.676
Special Ed	.65	.68	.83	.993

This comparison converts the calculation of the request for capital outlay to a mill levy. These levies do not include the "Opt Out" levy.