

Annual Comprehensive Financial Report



Prepared by THE CITY FINANCE OFFICE-----Katie E Redden, Finance Officer

FISCAL YEAR: January 1, 2024----December 31, 2024

MISSIONS STATEMENT

CITY OF VERMILLION

The City of Vermillion's mission is to continually improve the quality of life for its citizens through effective communication and strategic deployment of resources. By empowering our workforce and enhancing our facilities and organization, the City of Vermillion aims to attract, grow, and retain its population, and to be widely recognized as the kind of place people want to work, learn, play, and live.

CITY OF VERMILLION
AUDITED FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

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**CITY OF VERMILLION
INTRODUCTORY SECTION**



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www.vermillion.us

September 23, 2025

Honorable Mayor, Members of the City Council, and Citizens
City of Vermillion
Vermillion, South Dakota 57069

I am pleased to submit to you the Annual Comprehensive Financial Report for the City of Vermillion, South Dakota, for the fiscal year ended December 31, 2024.

The report was prepared by the City Finance Office in accordance with Generally Accepted Accounting Principles (GAAP) applicable to government as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data and the completeness and fairness of presentations, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds; and that all disclosures necessary to enable readers to gain an understanding of the City's financial affairs have been included.

Management of the City is responsible for establishing and maintaining an accounting and internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles. Because the cost of internal controls should not outweigh their benefits, the City of Vermillion's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's financial statements have been audited by Williams & Company, P.C., a firm of certified public accountants authorized by the State of South Dakota Department of Legislative Audit to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Vermillion for the year ended December 31, 2024, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Vermillion's financial statements for the year ended December 31, 2024, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Vermillion was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal

requirements involving the administration of federal awards. The Single Audit reports are included in this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Vermillion's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Vermillion

The City of Vermillion was founded in 1859, located in the southeastern corner of South Dakota, 6 miles west of I-29 between Sioux Falls, SD and Sioux City, IA. Vermillion is situated atop a bluff of the Vermillion River and also overlooks the mighty, natural Missouri River, which contains the red clay that prompted our county name of Clay County. Vermillion is home to the University of South Dakota with enrollment of 10,619 offering majors in 202 undergraduate programs and 78 graduate programs, and Division I athletics. The 2020 census had the city population increasing 1% over 2010 to 11,695.

The city operates under the Council-Manager form of government and is aldermanic in form. The City Council consists of a part-time Mayor and 8 part-time council member who hire a City Manager as the chief executive officer. The City is divided into four wards with representation on the City Council by two members from each ward. The Mayor is elected at large. The terms of the Mayor and Council Members are four years with elections held in each even-numbered year. The City Council meets the first and third Monday of the month in regular session and, in addition, special meetings and work sessions throughout the year.

The City provides the full range of basic services normally associated with a municipality. These basic services include police, emergency communications, fire, emergency medical services, building inspection, street construction and maintenance, planning and zoning, airport, recreation and parks, golf course, liquor store, general administration services and utility services including water, electric, wastewater, landfill/recycling and curbside recycling. For financial reporting purposes, all funds involved in providing these services are included based on financial accountability. Financial accountability is determined by several inherent factors, including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. The Housing and Redevelopment commission is a legally separate authority whose board is appointed by the City Council and reported separately as a component unit within the City of Vermillion financial statements.

The annual budget serves as the basis for the City of Vermillion's financial planning, development and control. The budget ordinance must be adopted by a majority of the Council members no later than September 30 of each year. Once the budget is approved, the expenditures incorporated within the budget become legally binding and the actual expenditures cannot exceed the budgeted amounts unless amended through a supplemental appropriation ordinance or other permitted means. Even though it is not necessary to make formal appropriations for proprietary funds, an annual budget is developed and published with the annual budget ordinance. Because enterprise fund revenues and expenses fluctuate with changing services and delivery levels, flexible budgets are used for planning, control and evaluation purposes. All appropriations shall lapse at the close of the fiscal year.

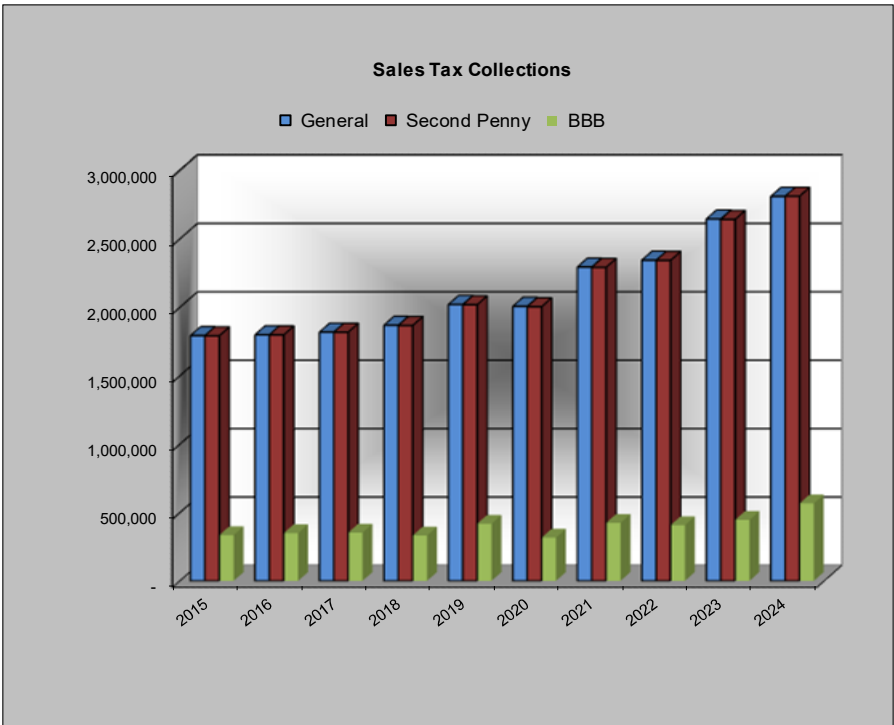
Budgetary control is monitored at the function level. All funds budgeted in accordance with state statute are included in the budget-to-actual comparisons, presented on pages 60-63 as part of the required supplemental information and supplementary information.

Factors Affecting Financial Condition

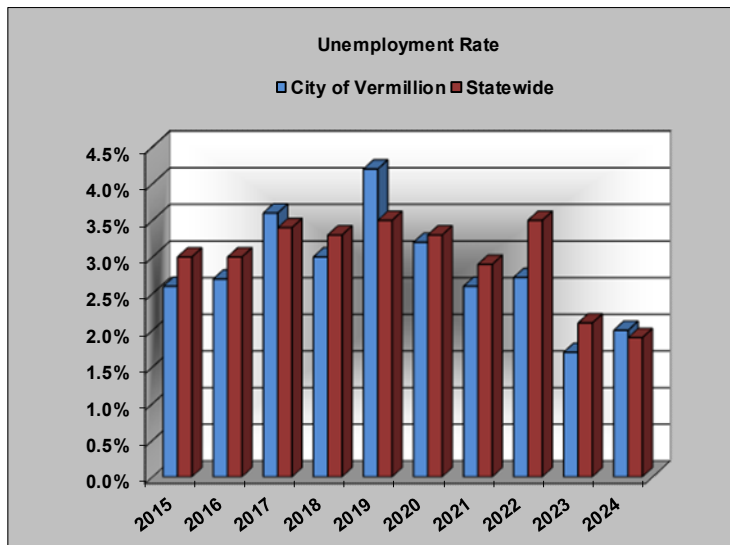
The information presented in the financial statements is perhaps best understood when it is considered for a broader perspective of the specific environment within which the City of Vermillion operates.

Local Economy

The economy in Vermillion as reflected in the total sales tax collections saw an increase in 2024. The total City sales tax revenues increased \$447,663 or 7.81% over 2023. This would include the first cent used for general fund, and the second cent sales tax used for capital projects increasing \$335,092 while the BBB sales tax used for advertising and promotion of the City increased \$112,571 or 25.28% over 2023. As the South Dakota Department of Revenue collects the sales tax on behalf of the City, information as to the individual areas of the increase or decrease are not available. For the first four months of 2025 sales tax revenue for the first cent used for general fund and the second cent used for capital projects is up \$137,242 or 7.33% over 2024. The BBB sales tax is up \$7,893 or 4.96% over 2024. The sales tax receipts will be monitored, and the budget will be reviewed in August 2025 to determine if adjustments are needed.



The unemployment rate for the City of Vermillion increased comparing December 2023 at 1.7% to December 2024 at 2.0% as well as the state unemployment rate had a decrease comparing December 2023 at 2.1% to December 2024 at 1.9%. The unemployment rate for the City of Vermillion saw a low in March 2024 of 1.2% and increased to a high in August 2024 of 2.4% and decreased at the end of the year to 2.0%. The state unemployment rate high was 1.9% in October and stayed at 1.9% for the rest of the year. High unemployment adversely affects the disposable income of families, erodes purchasing power, and reduces an economy's output. Low unemployment is good for continued economic growth within our community and surrounding areas. However, it does pose a challenge for new or expanding businesses to find a large enough pool of qualified candidates for open positions.



The City of Vermillion is home to the University of South Dakota that has been ranked among the top doctoral institutions in the country. It is the home to South Dakota’s School of Medicine, Law, College of Fine Arts and internationally accredited Business School. The University is the City’s largest employer and saw an increase in enrollment of 7.61% from 9,868 for 2023 to 10,619 for 2024.

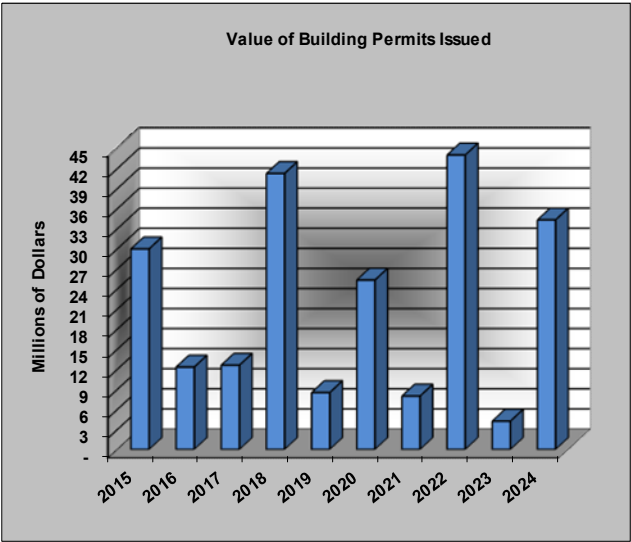
The University is planning a \$25 million project to expand the Wellness Center by 45,800 square feet. Construction started in the summer of 2023 with an expected completion date of Summer of 2025. A new, indoor 50-meter competition pool and seating for 400 people will be added to the facility, as well as a 40 by 25-foot wellness pool, wet classroom, hot tub for 25 users and a steam room. There are a number of other projects in the planning and design phase on the university campus.

Sanford Vermillion operates a 25-bed acute care hospital, medical clinic, 66 bed care center and 23 unit senior living complex. The Sanford Vermillion Clinic contracted with the University of South Dakota to provide student health services starting in the fall of 2002. The Sanford Vermillion Clinic, Vermillion Medical Clinic, and Olson Medical Clinic have been instrumental in increasing the availability of medical care in the community. In addition, all clinics are providing outreach programs bringing specialists into the community. In February 2014, Dakota Hospital Foundation and Sanford Health announced that Sanford Health will make a \$14 million investment in Sanford Vermillion’s medical facilities. A maintenance facility was constructed in late 2014 and the first phase consisting of emergency room entrance and other facility services was completed in early 2016 followed by the removal of the old building and construction of a 17,300 square foot addition that was completed in 2017. This facility increases patient access to services, has a larger lab area with added patient conveniences, redesigned the radiology department and an on-site MRI. The design also doubles the area for physical therapy and rehabilitation services all while keeping privacy and comfort for patients as priorities.

The 18-hole golf course and residential development project, which was undertaken by the City after significant review by citizen committees, has provided for the orderly growth of the City with all the development being served by City utility services. All developed housing sites have been sold resulting in an increase of over twenty-two million dollars of taxable value. The golf course and housing development were included in a tax incremental financing district that was dissolved in 2013. An area on the south side of the course remains to be developed due to lack of infrastructure. Marketing of this area will begin when infrastructure is extended, which will open up approximately 17 housing sites.

The value of building permits issued in 2024 totaled \$34,299,623 up from \$4,217,493 in 2023. The number of single family dwellings constructed totaled thirteen in 2024, an increase of ten from 2023. Through May,

2025 the value of building permits issued is \$3,014,088. It should be noted that construction by the State of South Dakota on the University property are not required to obtain building permits thus these building values are not reported in any of the building permit numbers.



Major initiatives.

Vermillion was named Large Community of the Year by Governor Dennis Daugaard at the Governor’s Economic Development Conference on April 15, 2014. The Governor recognized Vermillion for taking a multi-faceted approach to achieving economic development by focusing on further developing its workforce, business park and housing development.

The City of Vermillion and Vermillion Chamber of Commerce and Development Company (VCDC) commissioned a Talent Attraction Strategy and Workforce Housing Solutions study prepared by Community Housing Laboratory, LLC in October 2012. The major finding of the report was the need to solve the chronic workforce housing problem and implement a long-term talent attraction strategy. Due to the lack of available housing sites the (VCDC) has acquired 50 acres adjoining the city that has been annexed into the city. The development labeled Bliss Pointe will be developed in phases with the first phase completed in late 2014 with over 70 housing sites available. To assist the VCDC with the infrastructure development the City created Tax Incremental District Number 6 and sold a TIF bond for \$1,732,000. From 2015 through 2022 there were sixty-one residential building permits and one commercial permit issued in the Bliss Pointe development. The Bliss Pointe Park was dedicated in late 2016 funded from a private donation of over \$70,000 to be used for parks equipment. In 2024 the final payment for this debt was paid and the TIF #6 is anticipated to close in 2025. In 2022 the VCDC has approached the city about developing the second phase of Bliss Pointe. When fully developed, Phase II will consist of 54 housing sites. To assist the VCDC with the infrastructure development the City created Tax Incremental District Number 7 adopted a resolution authorizing the sale of up to \$1,980,000 of a TIF bond. The bond proceeds will be granted to the VCDC for infrastructure improvements that was completed in the fall of 2022.

The City Council adopted an ordinance creating a Business Improvement District (BID) #1 which enacted a general \$2.00 occupancy tax on all hotel, motel and lodging establishment rooms within the municipal limits to be effective June 1, 2014. The Business Improvement Board adopted a plan that recommends addressing the described needs through visitor facilities, events, attractions and activities which benefit the City and the hotels, motels, and lodging establishments located in the district. During 2024, the occupancy tax generated \$64,672 and expended \$63,379 to the Vermillion Area Chamber of Commerce and Development Company (VCDC) for promotion of the community. The BID Board recommended the 2024 budget with 98% of the occupancy tax collected being allocated to the VCDC for advertising and promotion.

The Clay County Commission created the Courthouse, Jail, and Law Enforcement Facility Planning Committee to review the study report completed in 2019 by Klein McCarthy Architects to include exploring the options for meeting the identified facility needs and providing recommendations to the County Commission. As the City and County share space in the Law Enforcement Facility as this project moves forward there will need to be some shared use agreements between the Clay County and the City as to costs and operations. The Clay County Commission adopted a \$41 million general obligation bond resolution to provide funding for a new courthouse, jail facility and public safety center. The general obligation bond was voted down on the June 8, 2021 special election. In 2021 the Law Enforcement Facility Planning Committee reviewed options for procurement of land and construction of a new building away from the court house. The County Commissioners adopted a resolution for a \$40 million general obligation bond and was on the November, 2022 election ballot which a majority vote of the citizens lead to its passing. Construction on the Clay County Jail started in April 2023 with a completion date of the Fall of 2025.

In October 2022 the City made a purchase of approximately 50 acres of land along West Highway 50 at a cost of \$1,154,197. This area of land will be developed for park ground, housing, commercial lots, and the Law Enforcement Center. In 2023 engineering was completed to develop this parcel of land. The City received an SD Housing Authority Grant of \$1,428,344 to construct affordable housing lots and infustructure. To assist with the infrastructure development the City created Tax Incremental District Number 9 and adopted a resolution authorizing the sale of up to \$1,000,000 of a TIF bond and \$1,030,000 of Electric Enterprise loan. The bond proceeds will be granted for infrastructure improvements that will be completed in the summer of 2025.

In 2024 the City contracted with Helms & Associates to provide engineering services for the design of the reconstruction of the taxiway at Harold Davidson Field Airport. The design work to construct the taxiway is to be completed in 2025 with construction expect for 2026. This project is partially funded by a federal grant through the Federal Aviation Administration, State of South Dakota, and City funds.

In 2020 a facility plan to relocate the Tom Street lift station was completed and the project was placed on the State water plan in November of 2020. The City entered into an agreement with Banner and Associates for the replacement project in February of 2022. Funding was requested from The Department of Agriculture and Natural Resources (DANR) for matching funds of the American Rescue Plan (ARPA) monies. The City will use \$450,000 of ARPA and DANR will provide \$502,500 for the project. Construction is to be completed in the Summer of 2025.

With the Water facility reaching the end of its useful life, the City has contracted with Banner and Associates for design and engineer improvements to the facility. The project will include filter piping, SCADA (supervisory control and date acquisition) replacement, installation of variable frequency drives (VFDs) on high-lift pump, install VFDs for wells, install bypass line for aerator, and distribution system improvements. In March of 2023 the Department of Agriculture and Natural Resource (DANR) approved a loan up to \$7,000,000 for thirty years, at 2.75%. Planning started in 2023 with a construction completion date of 2025.

The Wastewater Plant reaching the end of its useful life the City has contracted with Banner and Associates for design and engineer improvements to the facility. The project will include demolition and rebuilding of the pretreatment building and replacing the equipment, replacing the pump gallery and increasing clarifier depth, updating hydraulic profile to reduce process flow pumping, general building updates, replacing SCADA (supervisory control and date acquisition, and boring a new pipe under the river. In March of 2023 the Department of Agriculture and Natural Resource (DANR) approved a loan up to \$23,100,000 for thirty years, at 3.25%. In June of 2024 the City was also approved for an EDA grant of \$5,000,000. Planning started in 2023 with a construction completion date of 2026.

The City Council presented a Home Rule Charter Measure on the November 3rd, 2020 ballot that was approved by over 60% of the voters. The adoption of a home rule charter for the City of Vermillion, South Dakota permits the City to exercise any legislative power or any function not denied by its charter, the state constitution, or general laws of the state. Powers and functions of home rule government units are construed liberally. Taxes are limited to those provided for by the state.

The Vermillion Public School District in October, 2021 approved bids for an addition to the middle school at an estimated cost of \$26 million that will house a new elementary school. The construction began in 2022 and was completed in 2024. The school district asked for a sales tax rebate of \$200,000 on this project and in 2023 the school district received \$44,999 for qualified tax payments.

In September 2023 the City and the Vermillion school district accepted a memorandum of understanding that the old Jolley Elementary School building would be purchased by the City. When classes start at the new school, the City will take possession of Jolley Elementary School at 224 S. University Street with the intent to raze the building and develop the land for residential use and park space. To assist with the infrastructure development the City created Tax Incremental District Number 8 and adopted a resolution authorizing the use of Sales Tax reserves and a SD Housing Grant of \$325,000. Construction is to be completed in the fall of 2025.

The equipment replacement fund added the following equipment during 2024; two police SUV, a Street dept Dump Truck, Street dept Wheel loader, a Street dept Ford F550, Water dept Ford F550, Electric dept Skid steer, Electric Dept Boarding Machine, Electric Dept F550, Wastewater Hydraulic equipment, and two Wastewater F-250 pickups, Fire Dept f-250, and four law mowers for the golf course totaling \$1,339,295.

Long-term financial planning.

The City has made and will continue to make investments in infrastructure improvements in streets, parks and buildings. The City utilities have made significant improvements to continue to provide the quality of service that the citizens have come to expect and have planned for future needs.

In 2005 the City was awarded a \$750,000 grant with 20% local matching for bike path improvements. The first phase of the bike path extension along the Vermillion River was completed in 2010. The bike path extension along SD Hwy 50 was completed in 2012. The bike path along Stanford Street between Cherry Street and SD Hwy 50 was completed by the Department of Transportation in late 2014. The South Dakota Department of Transportation has oversight on projects using the grant funds with the projects put on hold due to flooding in 2019 but in April 2020 permission was received to move forward with preliminary plan preparation, survey and acquisition of easements for relocation of bike path damaged by flooding. There is about \$85,000 of grant funds remaining and there is \$225,000 of second penny sales tax funds budgeted for bike path improvement. In 2024 high water levels of the river eroded the bank causing portions of the bike path to fall into the river, again. Due to this damage the City abandoned the project and will return the grant to the state in 2025.

As the existing swimming pool was reaching the end of its useful life, a committee was appointed and in charge with providing the City Council information as to what type of swimming pool would best fit the community's needs going forward. The City Council approved a funding package for the Prentis Park improvements consisting of General Fund Reserves, Second Penny Sales Tax Reserves, grants and donations and a General Obligation Bond of \$3 million. The General Obligation Bond was approved by over 75% of the voters at the November 2014 election. The City Council, in an effort to reduce the impact of the bond repayment on the budget, adopted an ordinance that imposed a 5% markup on the wholesale purchase price

of malt beverages. Following adoption of the ordinance an initiated petition was received to repeal the markup ordinance. A special election was held on June 30, 2015 at which time the initiated measure failed 37% to 63%. In February 2016 the City issued a general obligation bond in the amount of \$3,005,000 at a premium of \$90,132 for a portion of the funding for the Prentis Park Improvements. Also in February 2016 the City approved contracts for pool construction which began in May 2016 with the pool opening June 3, 2017 for the first season. The new pool had record attendance with over 40,000 admitted for the 2017 season with attendance down in 2018 to over 33,000, in 2019 was 34,987 while the pool was not opened in 2020 due to the COVID-19 pandemic. The final contract retainage of \$370,056 was expended to the pool consultant in 2019. The Prentis Park parking lot to serve the pool and baseball field as well as the construction of the new basketball court were completed in early 2018. During 2018 additional sidewalk improvements in the area of the pool, basketball courts and baseball field were completed. During 2019 sidewalk was extended along the north side of Prentis Park at a cost of \$35,320. In 2020 sidewalks along Plum street on the west side of Prentis Park were completed at a cost of \$24,450. In 2022 a sidewalk along a portion of Prentis Avenue was completed at a cost of \$25,000. In 2023 major improvements to the Prentis Park Baseball field took place with a total project cost of \$445,064.

The 5% malt beverage markup was implemented after passing the referendum on July 1, 2015 with revenues in 2015 of \$63,079 in six months, \$116,455 in 2016, \$123,294 in 2017, \$129,042 in 2018, \$136,200 in 2019, \$148,981 in 2020, \$151,376 in 2021, \$162,072 in 2022, \$153,536 in 2023, and \$198,675 in 2024 pledged to debt service on the general obligation bond for the Prentis Park improvements.

The 2025 budget includes \$969,810 for equipment replacement in the equipment replacement fund, \$288,000 for parks equipment, \$100,000 library materials, \$332,500 for street chip seal, \$80,000 for Police Department equipment replacement, \$139,000 for Fire Department equipment replacement, and \$63,000 for Ambulance Department equipment replacement. The City will continue to provide the same quality services to the citizens during the next budget year.

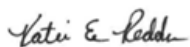
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Vermillion for its annual comprehensive financial report (ACFR) for the year ended December 31, 2023. This was the eighteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the dedicated services of the entire staff of the Finance Office. We should like to express our appreciation to all members of the Departments who assisted and contributed to its presentation. Without the leadership and support of the City Council, preparation of this report would not have been possible.

Sincerely,



Katie E. Redden
Finance Officer



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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

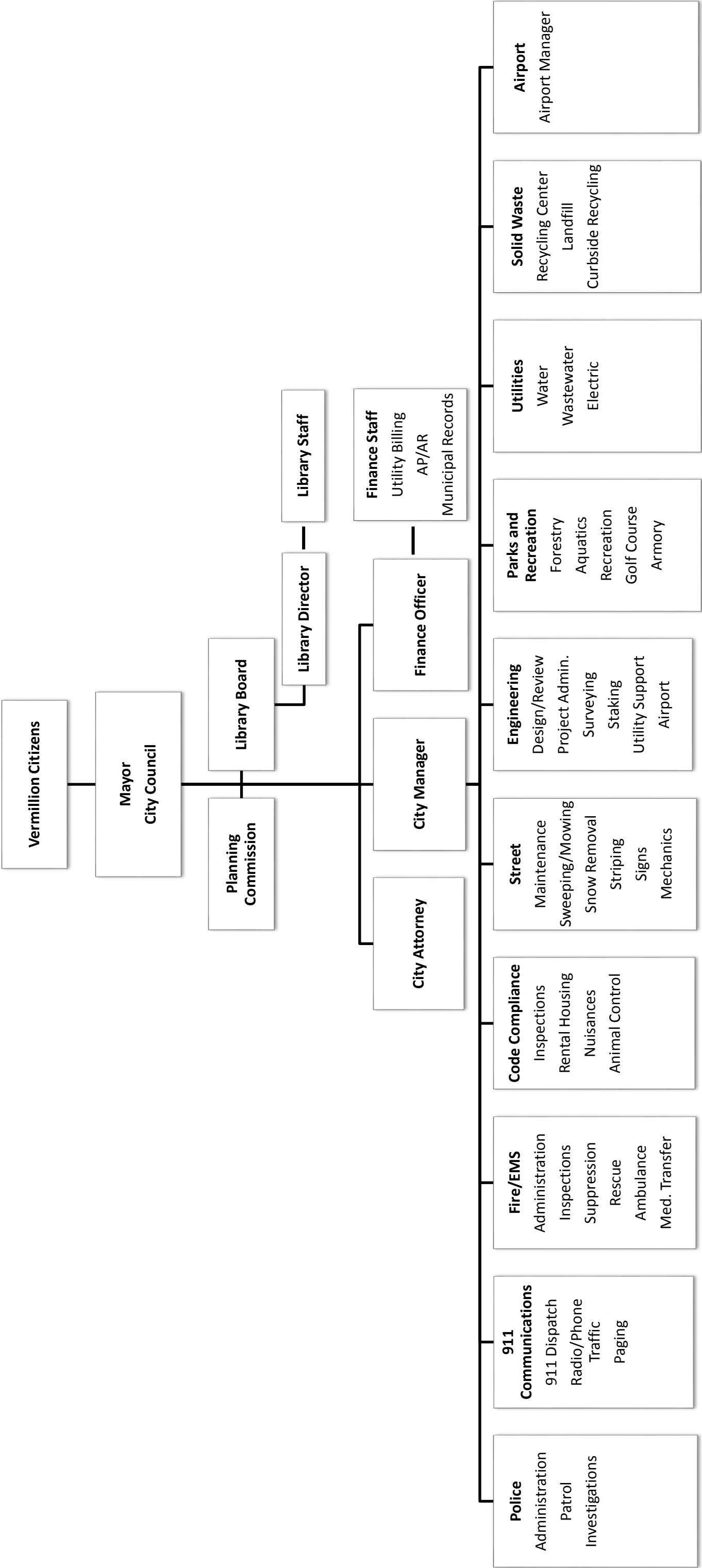
**City of Vermillion
South Dakota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO



CITY OF VERMILLION MUNICIPAL OFFICIALS

For the Period January 1, 2024 through December 31, 2024

Mayor

Jonathan D. Cole

Alderman Central Ward

Lindsey Jennewein

Katherine Price

Alderman Northeast Ward

Jay Thaler

Julia Hellwege

Alderman Northwest Ward

Gary Cheeseman

Mike Murra

Alderman Southeast Ward

Al Leber

Rich Holland

City Manager

John Prescott



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**CITY OF VERMILLION
FINANCIAL SECTION**



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Vermillion, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Vermillion, South Dakota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the 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 City, as of December 31, 2024, 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 the Vermillion Housing and Redevelopment Commission, the discretely presented component unit, as of and for the year ended June 30, 2024. 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 the Vermillion Housing and Redevelopment Commission, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, 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.

Correction of Error

As described in Note 17 to the financial statements, due from other governments in the General Fund was overstated in the prior year's financial statements. This has been corrected on the accompanying financial statements. Our opinion is not modified with respect to this matter.

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 City'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.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards 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 City'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 City'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, budgetary comparison information, schedule of proportionate share of the net pension liability (asset), and schedule of contributions to the South Dakota Retirement System on pages 4–17 and 60–66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements, budgetary compliance schedules, 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*, 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 auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, budgetary compliance schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2025, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

Williams & Company P.C.

Certified Public Accountants
Onawa, Iowa
September 23, 2025

**City of Vermillion
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Management's Discussion and Analysis

This discussion and analysis present an overview of the financial activities and financial position for the City of Vermillion (the "City") for the year ended December 31, 2024. Please read and consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-ix of this report, as well as the separately issued financial statements of the Vermillion Housing and Redevelopment Commission, a discretely presented component unit of the City.

FINANCIAL HIGHLIGHTS

Government-Wide Statements

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows at December 31, 2024 by \$120,840,197 (net position). Of this amount, \$38,521,578 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The net position of the City increased by \$8,553,884 as a result of the current year's operations. The net position of our governmental activities increased by \$5,066,246 or 9.30% and the net position of our business-type activities also increased by \$3,487,638 or 6.04%.
- Total revenues from all sources increased in 2024 by \$5,287,221 to \$37,719,640. In 2024, charges for services increased \$535,169, operating grants & contributions decreased \$302,671, capital grants & contributions increased \$4,081,228, property taxes increased \$218,860, sales tax increased \$444,640, other general revenues increased by \$309,995.
- Total cost of all programs was \$29,165,756 for 2024. This is an increase of \$1,593,021 or 5.78% over 2023.
- The City's long-term debt decreased \$1,192,493 from 2023.

Fund Financial Statements

- At December 31, 2024, the City's governmental funds reported combined ending fund balances of \$14,774,767, an increase of \$348,924 in comparison to the prior year. Of this balance \$4,654,559 is unassigned fund balance, \$6,520,926 is committed fund balance, \$3,482,837 is restricted fund balance and \$116,445 is nonspendable fund balance.
- The City's seven enterprise funds ended the year with a net position of \$60,756,367, an increase of \$3,470,380 in comparison to the prior year. Net cash flows from operations were \$4,805,857 while net cash used by capital and financing activities was \$4,972,830.
- For the year ended December 31, 2024, there wasn't any assigned general fund balance, and the unassigned general fund balance was \$5,574,758, an increase of \$348,401 in comparison to the prior year. Combined, these fund balances represent 66.11% percent of the final 2024 General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Vermillion's basic financial statements. The annual comprehensive financial report presents the following three components of the financial statement: 1) government-wide financial statements provide information of the City as a whole, 2) fund financial statements provide detailed information for the City's significant funds and 3) notes to the financial statements provide additional information essential to understanding the government-wide and fund statements. This report also contains the required supplementary information and supplementary information in addition to the basic financial statements that further explain and support the information in the financial statements.

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Management's Discussion and Analysis

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Vermillion's finances, in a manner similar to private-sector businesses.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Position and the Statement of Activities distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include, public safety, public works, health and welfare, economic development and culture and recreation. The business-type activities of the City include the Electric, Water, Sewer, Liquor Store, Golf Course, Solid Waste System, and Curbside Recycling.

The government-wide financial statements include not only the City of Vermillion itself (known as the *primary government*) but also a legally separate entity for which the City of Vermillion is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Separately issued financial statements of the Vermillion Housing and Redevelopment Commission are available and may be obtained from the Commission at PO Box 362, Vermillion, SD 57069.

The government-wide financial statements can be found on pages 18-19 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Vermillion, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the City's significant funds and not the City as a whole. The City's funds can be divided into two categories-governmental and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar

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Management's Discussion and Analysis

information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the government-wide financial statements.

The City maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General fund, Sales tax fund, Jack Powell Capital Project Fund, and Special Assessment Projects Fund are considered to be major funds. Data for the other sixteen 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 the report.

The City adopted an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund and the major special revenue funds to demonstrate compliance with this budget on pages 60-61.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report activities that charge for services provided to outside customers. Enterprise funds are presented as business-type activities in the government-wide statements. The City uses enterprise funds to account for its electric utility, water utility, wastewater utility, liquor store, golf course operations, Joint Powers landfill operations and curbside recycling program. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, self-funded unemployment insurance, custodial services, copier-fax-postage activities, and providing IT services for city buildings. These services benefit governmental and business-type functions; as such the results of operations have been allocated and are included within governmental and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Electric Utility, Water Utility, Wastewater Utility, Liquor Store, Golf course operations, and Joint Powers Landfill operations, all of which are considered to be major funds of the City, and the Curbside Recycling program which is considered a non-major fund. Conversely, all the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to 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 27-59 in this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the general fund and sales tax fund schedule of revenues, expenditures, and changes in fund balance budget and actual, the schedule of the City's proportionate share of the net pension asset and the schedule of

City of Vermillion
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the City's contributions to the South Dakota Retirement System. Required supplementary information can be found on pages 60-66 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining individual fund statements and schedules can be found on 67-77 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following two tables present condensed information on the City of Vermillion's Net Position (Exhibit 1) and Changes in Net Position (Exhibit 2) for the fiscal year ended December 31, 2024 with comparative data for the fiscal year ended December 31, 2023. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$120,840,197 at the close of the most recent fiscal year.

	City of Vermillion Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
		(As Restated)				(As Restated)
Current and Other Assets	\$ 17,390,315	\$ 17,420,991	\$ 28,598,275	\$ 26,497,242	\$ 45,988,590	\$ 43,918,233
Capital Assets	48,127,823	43,761,988	47,405,937	45,723,967	95,533,760	89,485,955
Total Assets	65,518,138	61,182,979	76,004,212	72,221,209	141,522,350	133,404,188
Deferred outflows of resources	1,134,083	1,275,680	673,915	764,089	1,807,998	2,039,769
Long-term Liabilities Outstanding	5,215,547	6,314,769	13,695,304	13,676,109	18,910,851	19,990,878
Other Liabilities	849,822	624,667	1,193,729	939,571	2,043,551	1,564,238
Total Liabilities	6,065,369	6,939,436	14,889,033	14,615,680	20,954,402	21,555,116
Deferred inflows of Resources	1,022,909	1,021,526	512,840	581,002	1,535,749	1,602,528
Net Position						
Net Investment in Capital Assets	43,129,546	37,957,517	34,626,260	32,848,021	77,755,806	70,805,538
Restricted	2,853,413	3,344,407	1,709,400	1,823,878	4,562,813	5,168,285
Unrestricted	13,580,984	13,195,773	24,940,594	23,116,717	38,521,578	36,312,490
Total Net Position	\$ 59,563,943	\$ 54,497,697	\$ 61,276,254	\$ 57,788,616	\$ 120,840,197	\$ 112,286,313

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City of Vermillion							
Changes in Net Position							
	Governmental		Business-Type		Total		
	2024	2023	2024	2023	2024	2023	
		(As Restated)				(As Restated)	
Revenues:							
Program Revenues:							
Charges for Services	\$ 1,812,499	\$ 1,895,350	\$ 18,280,549	\$ 17,662,529	\$ 20,093,048	\$ 19,557,879	
Operating Grants & Contributions	541,183	582,823	4,155	265,186	545,338	848,009	
Capital Grants & Contributions	3,489,687	753,722	1,345,263	-	4,834,950	753,722	
General Revenues:							
Property Taxes	3,630,074	3,411,214	-	-	3,630,074	3,411,214	
Other Taxes	6,257,043	5,812,403	-	-	6,257,043	5,812,403	
Other	1,267,184	1,183,935	1,092,003	865,257	2,359,187	2,049,192	
Total Revenues	16,997,670	13,639,447	20,721,970	18,792,972	37,719,640	32,432,419	
Expenses:							
General Government	1,880,424	1,781,955	-	-	1,880,424	1,781,955	
Public Safety	3,560,347	3,321,941	-	-	3,560,347	3,321,941	
Public Works	2,542,610	2,720,023	-	-	2,542,610	2,720,023	
Health & Welfare	1,179,976	1,112,495	-	-	1,179,976	1,112,495	
Culture & Recreation	2,662,540	2,320,873	-	-	2,662,540	2,320,873	
Conservation & Development	933,457	844,176	-	-	933,457	844,176	
Interest on Long-term Debt	155,018	179,405	-	-	155,018	179,405	
Electric	-	-	6,195,333	6,168,313	6,195,333	6,168,313	
Water	-	-	2,314,908	2,293,942	2,314,908	2,293,942	
Wastewater	-	-	2,347,553	1,776,439	2,347,553	1,776,439	
Liquor	-	-	1,506,190	1,592,855	1,506,190	1,592,855	
Golf	-	-	1,196,634	1,182,334	1,196,634	1,182,334	
Joint Powers Landfill	-	-	2,548,746	2,131,244	2,548,746	2,131,244	
Curbside Recycling	-	-	142,020	146,740	142,020	146,740	
Total Expenses	12,914,372	12,280,868	16,251,384	15,291,867	29,165,756	27,572,735	
Increase(Decrease) in Net Position							
Before Transfers	4,083,298	1,358,579	4,470,586	3,501,105	8,553,884	4,859,684	
Transfers	982,948	1,371,845	(982,948)	(1,371,845)	-	-	
Increase in Net Position	5,066,246	2,730,424	3,487,638	2,129,260	8,553,884	4,859,684	
Net Position Jan 1 restated	54,497,697	51,767,273	57,788,616	55,659,356	112,286,313	107,426,629	
Net Position December 31	\$ 59,563,943	\$ 54,497,697	\$ 61,276,254	\$ 57,788,616	\$ 120,840,197	\$ 112,286,313	

By far the largest portion of the City's net position (64.36%) reflects its investment in capital assets (e.g., land, building, machinery, and equipment) less any related outstanding debt that is used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position \$4,562,813 (3.78%) represents resources that are subject to external restriction on how they may be used. Restricted net position includes the

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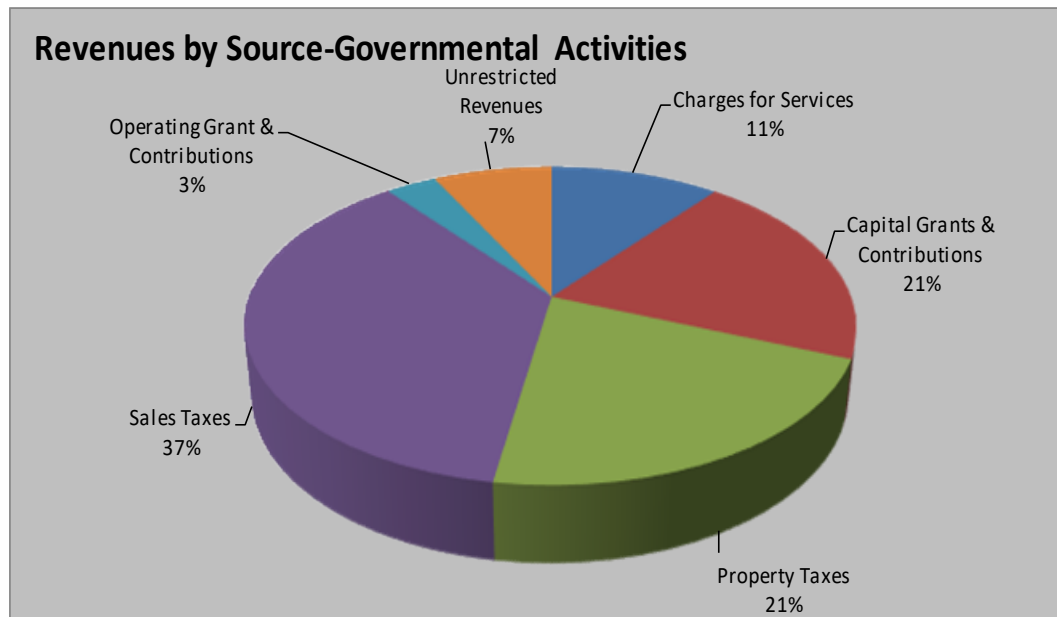
amounts restricted for debt service of \$2,874,290 (an increase of \$184,508), Stormwater construction of \$849,755 (a decrease of \$149,976), Landfill Closure/Postclosure of \$14,898 (a decrease of \$40,651), Library \$91,338 (an increase of \$1,377), parks capital \$16,007 (a decrease of \$7,916), business improvement district of \$30,000 (no change), SDRS Pension Purposes \$10,407 (a decrease of \$770,596) and BBB sales tax \$676,118 (an increase of \$177,782), The remaining balance of unrestricted net position of \$38,521,578 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Vermillion is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities: Governmental activities increased the City's net position by \$5,066,246, thereby accounting for 59.23% of the total growth in the net position of the City Vermillion. Elements of this increase are as follows:

- Charges for goods & services decreased \$82,851 in 2024. This change is made up of a general government decrease of \$15,363 of which the major factor is a decrease in the Licenses & Permits fee of \$8,840. Public Safety decreased \$4,099, which is made up of an decrease in storm drainage fee of \$8,110. Public Works decreased \$2,460, which is attributable to an increase in county road fees of \$3,175, and a decrease in airport fuel sales of \$5,635. Health and Welfare decreased \$92,725 attributed to increased ambulance revenues of \$81,429 and decreased building permit sales of \$174,154. Culture & Recreation increased \$31,796 attributed to the swimming pool admissions and baseball concession increasing revenues by \$31,196.
- Operating Grants and contributions decreased \$41,640 in 2024. For 2024, general government decreased \$5,785 attributed to a decrease in bank franchise. Public safety operating grants decreased \$25,221 in which \$103,847 was due to an decrease in E911 county payments and an increase of \$11,144 for a police operations grant. Public works operating grants decreased \$14,563 due to an airport operating grant decrease of \$18,074. Health and Welfare decreased \$8,341 due to an Opioid Grant. Culture and recreation increased \$16,163, which is attributed to an increase in donations from the friends of the library. Conservation and Development decreased \$3,893 which is attributed to a decrease in contribution from the Historic Preservation.
- Capital grants and contributions increased by \$2,735,965 in 2024. For 2024, capital grants and contributions consist of: public safety decreased \$37,500 due to a decrease in fire department and police department state grants; public works increased \$2,964,092 consisting of an increase in South Dakota Housing Infrastructure Finance Program; and Culture & Recreation decreased \$190,627 consisting of a decrease in Library grant of \$29,529 and a decrease in Park grants of \$161,098.
- Property taxes increased by \$218,860 or 6.42% during the year. This increase is from growth or new property added to the tax rolls, plus an increase in the limit of property taxes by 3 percent that was allowed by the state in 2024.
- Other State taxes increased by \$444,640 which includes first penny sales tax, special revenue sales tax, and alcohol revision. The first and second penny sales taxes increased by \$335,092 or 6.34%. This would include sales tax used for general fund and the second penny sales tax used for capital projects. As the South Dakota Department of Revenue collects the sales tax on behalf of the City, information as to the individual area of the increase/decrease is not available. Special revenues sales taxes increased \$112,571 or 25.28%. This special sales tax is referred to as BBB sales tax used for advertising and promotion of the City. The Alcohol Revision taxes decreased by \$3,023 or 3.73%.

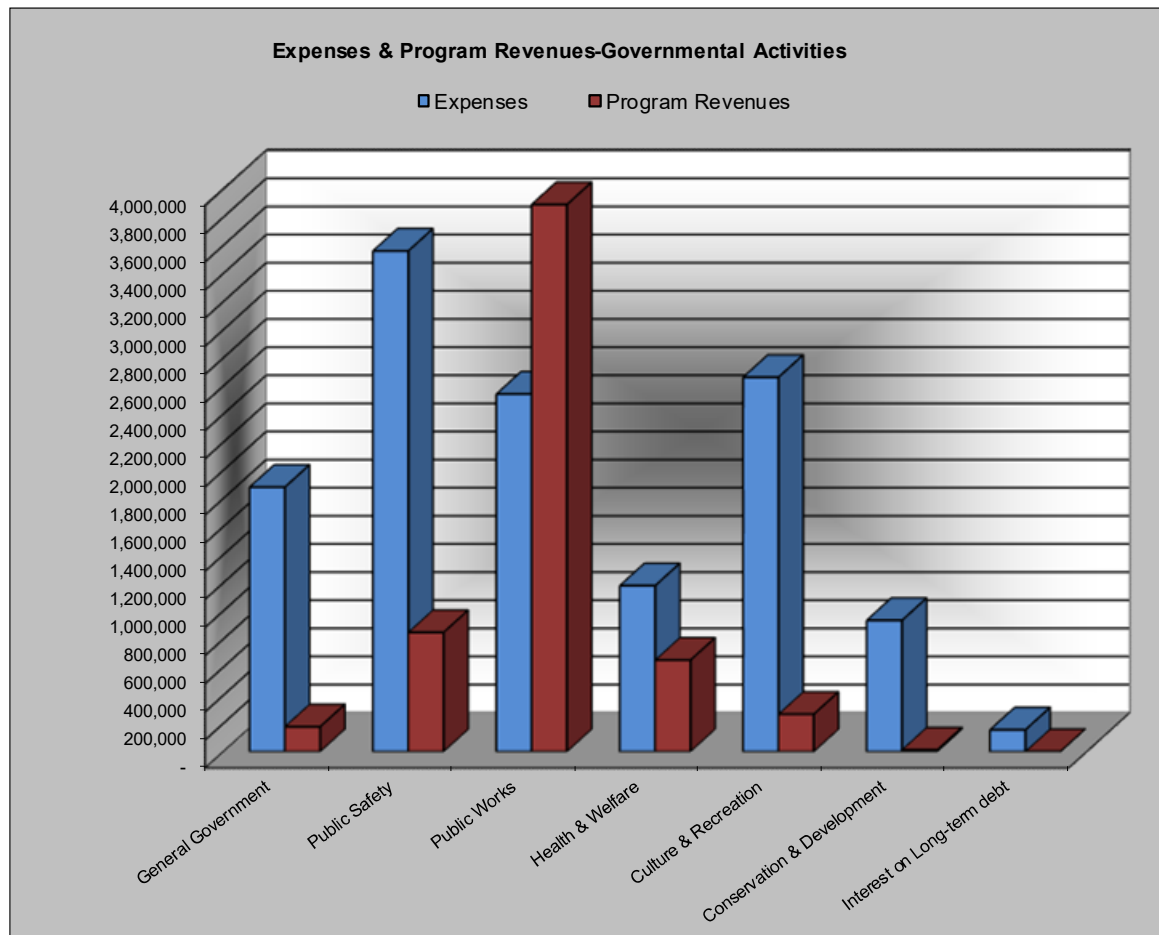
Management's Discussion and Analysis



- General Government expenses increased by \$98,469 or 5.53%. The net effect of the pension adjustment increased expenses \$15,472 in 2024 over 2023. Compensated absences decreased \$18,400. Administrative expenses increased over \$122,071 due to an increase in legal fees.
- Public Safety expenses increased by \$238,406 or 7.18%. The net effect of the pension adjustment increased expenses \$51,578 in 2024 over 2023. The Fire and Rescue operating expenses increased \$54,700. The Police operating expenses increased over \$86,000. Total Public Safety depreciation increased \$18,804 in 2024.
- Public works expenses decreased \$177,413 or 6.52%. The net effect of the pension adjustment increased expenses \$9,004 in 2024 over 2023. Street department operating expenses increased over \$11,800 the majority attributed to increased street repairs and maintenance in 2024. Second penny expenses decreased \$213,369 due to projects being completed in 2023. Total public works depreciation was up over \$33,511 in 2024 from equipment additions.
- Health and Welfare expenses increased \$67,481 or 6.01%. The net effect of the pension adjustment increased expenses \$12,619 in 2024 over 2023. Ambulance department operating supplies increased over \$103,000 for the year. The code department's operating supplies decreased \$17,977 in 2024.
- Culture and Recreation expenses increased \$341,667 or 14.72%. The net effect of the pension adjustment increased expenses \$16,338 in 2024 over 2023. The remaining increase is due to increased expenses at the Swimming Pool and Recreation operating expenses for things such as chemicals and class supplies.
- Conservation and Development expenses increased \$89,281 or 10.58%. The City continued to support numerous organizations during 2024 with a small increase in funding from General Fund.

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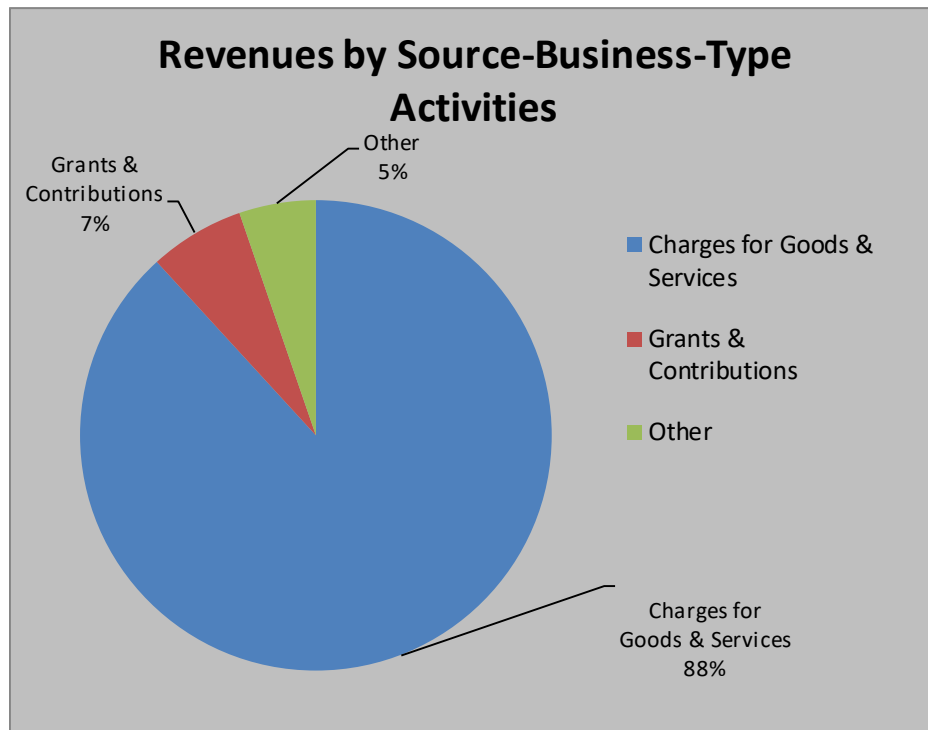
Management's Discussion and Analysis



Business-type activities: Business-type activities increased the City of Vermillion's net position by \$3,487,638, accounting for 40.77% of the total growth in the government's net position. Key elements of this increase are as follows:

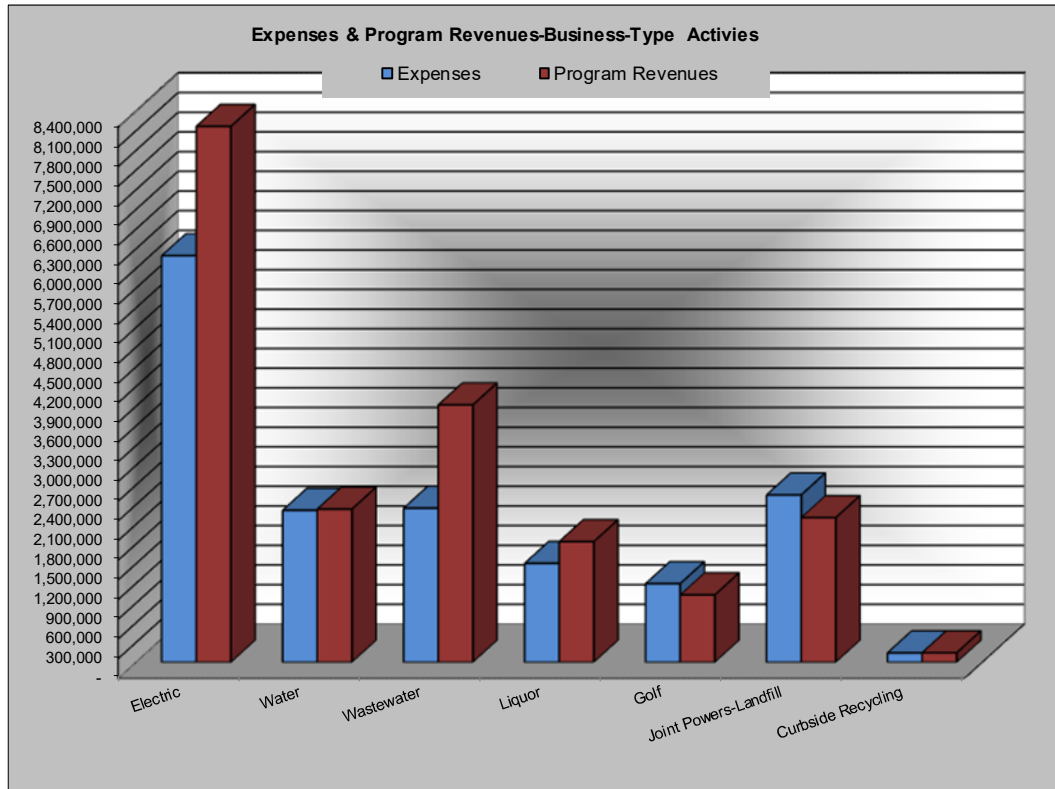
- Charges for services increased by 3.50% or \$618,020. The Electric Fund charges for services increased .08% or \$6,124. Metered sales were down \$40,623 compared to 2023. The electric utility received reimbursements from the Southwest Power Pool through Missouri River Energy Services for transmission assets that decreased by \$32,494. Service fees increased in 2024 by over \$43,000. This was the twelfth year of seasonal electric charges. Water Fund charges for services increased 9.78% or \$207,863. Water sales increased \$114,902 over 2023 attributed to increase to rates to satisfy a state surcharge. Wastewater Fund charges for services increased by \$306,399 or 13.50%. Wastewater rates are based upon a factor times winter average water sales that were up for 2024. The Wastewater rates also increased due to an additional surcharge needed for infrastructure improvements. The Liquor Fund sales increased 2.88% or \$54,505 over 2023. The Golf Fund charges for services increased \$35,856 or 3.62% and is attributed to increased play compared to 2023. The Joint Powers-Landfill charges for services decreased \$109,232 or 5.23% over 2023. The Curbside Recycling Fund revenues increased in the Curbside Recycling program by \$7,051 or 5.19%.
- Operating grants and contributions decreased \$261,031 in 2024 due to the landfill leachate project that happened in 2023. Capital Grants and Contributions increased \$1,345,263 due to Water plan construction grants.

Management's Discussion and Analysis



**City of Vermillion
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Management's Discussion and Analysis



Business-type expenses increased \$959,517 or 6.27% over 2023. The net effect of the pension adjustment increased business-type personnel expenses by \$101,454 for 2024. Other personnel expenses increased \$319,444 over 2023. The cost of goods sold decreased \$72,311 and depreciation/amortization increased \$42,934 over 2023. Other current expenses increased \$693,170 over 2023.

Financial analysis of the Government's Funds

As noted earlier, the City of Vermillion uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Vermillion's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,774,767, as shown on Exhibit 3, which is an increase of \$348,924 in comparison with the prior year. Approximately 31.50% of this total amount or \$4,654,559 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either 1) *nonspendable* \$116,445 for inventory 2) *restricted* \$3,482,837 consisting of \$663,425 in Bed, Board & Booze sales tax, \$822,856 in storm water fees, \$91,338 for library, \$1,022,507 for Surface Transportation Program, \$16,007 for parks capital, \$30,000 for Business Improvement District and \$836,704 for debt service 3) *committed* \$6,520,926 in sales tax.

City of Vermillion
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Management's Discussion and Analysis

The general fund is the chief operating fund of the City of Vermillion. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$5,574,758, as shown in Exhibit 3, while total fund balance increased to \$6,713,710. 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 66.11% of total general fund expenditures, while total fund balance represents 79.62% of the same amount.

The fund balance of the City's general fund decreased \$187,411 during the current fiscal year, as shown in Exhibit 4. Factors in this increase are as follows:

- Total general fund revenue increased \$1,202,808 for 2024.
- Property tax increases are restricted by the State to the lower of the CPI or 3% and for 2023 the CPI was 3% thus the increase in property taxes of \$130,914 attributed to the tax on new property and the 3% increase within the city outside the TIF districts.
- Sales tax revenue increased \$236,179 for 2024.
- Intergovernmental Revenues increased \$1,015,591 in 2024, there was an increase of over \$1,020,049 in federal grants through state and an increase of \$2,721 in county payments.
- Charges for goods and services decreased \$154,186. This was largely made up of a decrease in ambulance charges of \$164,292.
- Expenditures in the General Fund increased \$767,677 or 10.02%. General Government current expenditures increased \$219,152. General government expenses increased over \$122,000. Finance expenses were up over \$18,000, and Engineering expenses were up over \$78,500. Public Safety current expenditures increased \$140,351 and capital expenditures increased \$35,055. Police expenses increased over \$86,000. Fire department operating supplies were up over \$54,000. Public Works current expenditures increased \$42,811 and capital expenditures had no change with an increase of \$28,205 in mechanics, airport expenses increased \$20,920 due to increased fuel purchased for resale, street increased over \$51,800, and sweeping and mowing increased \$10,080. Health and Welfare current expenditures increased \$85,659 of which the ambulance operating expenses increased over \$103,600 and code enforcement had a decrease in operating expenses of over \$17,900. Culture-Recreation current expenditures increased \$182,681 and capital expenditures increased over \$5,000 with recreation expenditures increasing over \$59,000 the majority being increased program offerings in 2024 and library expenditures were up over \$55,500 due to increased wages and operating expenses. Conservation and Development current expenditures increased \$43,983 with the majority being an increase of contributions to outside sources.
- The general fund transferred out funds of \$2,699,084 of that \$377,602 to 911 Fund, \$143,989 of malt beverage markup to the General Obligation debt service fund, \$142,227 for the Jolley Development Project, and \$2,035,266 STIP project transfer, compared to total transfers out of \$587,186 in 2023.

The sales tax fund has a total fund balance of \$6,520,926, all of which is committed for capital outlay and debt service. The net increase in fund balance during the current year is \$1,196,727. Revenues during this period increased by \$253,594 compared to the prior year. This is due to an increase in sales tax revenue of \$240,468, an increase in investment earnings of \$110,984, a decrease in Intergovernmental revenue of \$104,408, and an increase in contributions and donations of \$6,550. Expenditures decreased during this period by \$900,636. Transfers out increased by \$295,286 to \$831,379.

**City of Vermillion
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Management's Discussion and Analysis

The Jack Powell Capital Project fund was created to create a housing development along with a law enforcement center. Revenues increase by \$986,671 due to an internal loan from the Electric Department. Expenditures increased during this period by \$2,699,989. Transfers in increased by \$1,713,318 to \$1,852,431.

Special Assessment Capital Project fund is a new fund revenues increased \$500,000 due to receiving a state grant for Clark Street improvements. Expenditures were \$2,235,266 due to the construction of Clark Street and the General Fund transferred in \$1,735,266 for STIP project transfers.

Proprietary funds. The City of Vermillion's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail.

Unrestricted net positions of the proprietary funds are as follows, Electric \$14,478,873, Water \$1,849,037, Wastewater \$3,673,722, Liquor \$611,538, Golf Course \$344,824, Joint Powers-Landfill \$3,335,862, and Curbside Recycling \$126,851. The total growth in net position for all funds in the current year was \$3,470,380. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City of Vermillion adopted a revised budget in September of 2024 and a supplemental budget in December 2024 to refine the budget amounts adopted a year earlier. The budgeted revenues were increased by \$1,877,924 (23.96% of the original budget). Budgeted expenditures were increased by \$541,611 (6.14% of the original budget) and budgeted transfers net increased \$1,795,514. The original and final budgets are reported on Exhibit 8 on page 60.

Capital Assets and Debt Administration

Capital Assets. The City of Vermillion's investment in capital assets for its governmental and business type activities as of December 31, 2024 amounts to \$95,533,760 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements other than buildings, furniture and equipment, infrastructure, and construction in progress. During 2024 there was \$7,540,031 of additions to the governmental capital assets while the depreciation/amortization for the year was \$2,863,865, \$996,861 of capital assets were disposed.

Major capital asset events during the current fiscal year included the following:

- Engineering design continued on the wastewater facility with construction to start in 2025.
- Construction began on the Jack Powell addition with construction completion in 2025.
- The equipment replacement fund added several pieces of equipment during the year totaling \$1,339,295.

City of Vermillion
Annual Comprehensive Financial Report
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Management's Discussion and Analysis

	City of Vermillion's Capital Assets (net of depreciation/amortization)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Right of Use Assets - Equipment	\$ 6,691	\$ 3,097	\$ 305,644	\$ 24,882	\$ 312,335	\$ 27,979
Land	2,787,012	2,787,012	2,674,455	2,674,455	5,461,467	5,461,467
Building & Structure	17,098,523	17,536,965	23,770,220	23,395,103	40,868,743	40,932,068
Improvements other buildings	-	-	17,205,801	17,893,250	17,205,801	17,893,250
Furniture & Equipment	6,450,739	5,615,656	1,211,362	1,470,047	7,662,101	7,085,703
Infrastructure & books	18,615,070	17,648,966	-	-	18,615,070	17,648,966
Construction in Progress Total	3,169,788	170,292	2,238,455	266,230	5,408,243	436,522
	<u>\$ 48,127,823</u>	<u>\$ 43,761,988</u>	<u>\$ 47,405,937</u>	<u>\$ 45,723,967</u>	<u>\$ 95,533,760</u>	<u>\$ 89,485,955</u>

Additional information on the City of Vermillion's capital assets can be found in Note 4 on pages 41-43 of this report.

Long-term debt. At the end of the current fiscal year, the City of Vermillion had total long-term debt outstanding of \$17,385,260. Total note and bonded debt outstanding totaled \$17,074,571 with the remainder being lease agreements of \$310,689.

The City's total outstanding debt decreased by \$1,192,493 or 6.42% during the 2024 fiscal year.

State statute limits the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. The current debt limitation for the City is \$40,557,381 for the 2024 fiscal year. With outstanding Debt applicable to this limit of \$9,110,954, the city is at 22.46% of the maximum debt capacity.

	City of Vermillion's Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation &						
Revenue Bonds	\$ 4,058,541	\$ 4,846,344	\$ 12,376,030	\$ 12,733,005	\$ 16,434,571	\$ 17,579,349
Notes Payable	640,000	955,000	-	22,729	640,000	977,729
Lease agreements	6,726	3,127	303,963	17,548	310,689	20,675
Total	<u>\$ 4,705,267</u>	<u>\$ 5,804,471</u>	<u>\$ 12,679,993</u>	<u>\$ 12,773,282</u>	<u>\$ 17,385,260</u>	<u>\$ 18,577,753</u>

Additional information on the City's long-term debt can be found in Note 5 on pages 44-49 of this report.

Economic Factors and Next Year's Budgets and Rates

During the current fiscal year, the fund balance in the general fund decreased by \$187,411 to \$6,713,710. The final budget for 2025 had projected the fund balance to decrease by \$554,054.

Utility rates were increased for electric in December 2016 to pass along increased purchase of power costs. Water rates were increased in January 2024 and wastewater rates were adjusted in April 2024. The storm water drainage fee was increased for 2024 by 3%. Landfill rates were adjusted in July 2023.

**City of Vermillion
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Management's Discussion and Analysis

Request for Information

This financial report is designed to provide a general overview of the City of Vermillion's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Finance Office, 25 Center, Vermillion, SD 57069.

CITY OF VERMILLION
BASIC FINANCIAL STATEMENTS

CITY OF VERMILLION
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government			Component Unit Housing & Redevelopment
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash & cash equivalents	\$ 350,199	\$ 64,269	\$ 414,468	\$ 99,227
Certificates of Deposit	15,310,000	17,390,000	32,700,000	-
Receivables (net, where applicable, of allowance for uncollectibles)				
Taxes receivables	37,256	-	37,256	-
Accounts receivable	157,072	1,248,970	1,406,042	9,865
Unbilled accounts receivable	-	503,624	503,624	-
Special assessments receivable	353,751	-	353,751	-
Interest receivable	279,150	313,446	592,596	-
Lease receivable	216,297	11,178	227,475	-
Due from other governments	1,970,279	2,138,493	4,108,772	-
Internal balances	(2,395,033)	2,395,033	-	-
Inventories	116,445	2,029,693	2,146,138	-
Net Pension Assets	6,512	3,895	10,407	-
Prepaid expenses	131,221	113,595	244,816	6,120
Restricted assets:				
Cash	270,507	2,386,079	2,656,586	8,197
Investments	269,500	-	269,500	-
Certificates of Deposit	300,000	-	300,000	-
Interest receivable	17,159	-	17,159	-
Capital assets:				
Land and construction in progress	5,956,800	4,912,910	10,869,710	3,628
Other capital assets, net of depreciation/amortization	42,171,023	42,493,027	84,664,050	(3,628)
Total capital assets	48,127,823	47,405,937	95,533,760	-
Total assets	65,518,138	76,004,212	141,522,350	123,409
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Deferred Outflows	1,134,083	673,915	1,807,998	-
LIABILITIES				
Accounts payable	842,554	1,045,541	1,888,095	8,762
Customer deposits	-	91,317	91,317	-
Accrued interest payable	7,268	22,350	29,618	-
Revenue collected in advance	-	34,521	34,521	56,069
Noncurrent liabilities:				
Due within one year:				
Bonds payable	180,538	1,402,766	1,583,304	-
Notes payable	315,000	-	315,000	-
Lease agreements	1,715	63,285	65,000	-
Accrued leave payable	246,281	260,617	506,898	2,004
Due in more than one year:				
Bonds payable with premium	3,878,003	10,973,264	14,851,267	-
Notes payable	325,000	-	325,000	-
Lease agreements	5,011	240,678	245,689	-
Closure - postclosure liability	-	575,164	575,164	-
Accrued leave payable	263,999	179,530	443,529	4,101
Total liabilities	6,065,369	14,889,033	20,954,402	70,936
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Deferred Inflows	821,135	489,945	1,311,080	-
Lease Related Deferred Inflows	201,774	22,895	224,669	-
	1,022,909	512,840	1,535,749	-
NET POSITION				
Net investment in capital assets	43,129,546	34,626,260	77,755,806	-
Restricted for:				
BBB tax	676,118	-	676,118	-
Debt service	1,183,683	1,690,607	2,874,290	-
Stormwater	849,755	-	849,755	-
Parks Capital	16,007	-	16,007	-
Library	91,338	-	91,338	-
Business Improvement District	30,000	-	30,000	-
Landfill closure postclosure	-	14,898	14,898	-
SDRS Pension Purposes	6,512	3,895	10,407	-
Other purposes	-	-	-	8,197
Unrestricted	13,580,984	24,940,594	38,521,578	44,276
Total Net Position	\$ 59,563,943	\$ 61,276,254	\$ 120,840,197	\$ 52,473



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CITY OF VERMILLION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

					Net (Expense) Revenue and Changes in Net Position			
		Program Revenues			Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment
Primary government								
Governmental activities:								
General government	\$ 1,880,424	\$ 152,521	\$ 24,341	\$ -	\$ (1,703,562)	\$ -	\$ (1,703,562)	\$ -
Public safety	3,560,347	364,543	460,478	22,500	(2,712,826)	-	(2,712,826)	-
Public works	2,542,610	431,410	3,511	3,455,637	1,347,948	-	1,347,948	-
Health & welfare	1,179,976	650,406	-	-	(529,570)	-	(529,570)	-
Culture & recreation	2,662,540	213,619	40,694	11,550	(2,396,677)	-	(2,396,677)	-
Conservation & development	933,457	-	12,159	-	(921,298)	-	(921,298)	-
Interest on long-term debt	155,018	-	-	-	(155,018)	-	(155,018)	-
Total governmental activities	12,914,372	1,812,499	541,183	3,489,687	(7,071,003)	-	(7,071,003)	-
Business-type activities:								
Electric	6,195,333	8,167,109	-	-	-	1,971,776	1,971,776	-
Water	2,314,908	2,332,995	-	-	-	18,087	18,087	-
Wastewater	2,347,553	2,576,095	-	1,345,263	-	1,573,805	1,573,805	-
Liquor	1,506,190	1,836,865	-	-	-	330,675	330,675	-
Golf	1,196,634	1,025,519	-	-	-	(171,115)	(171,115)	-
Joint powers landfill	2,548,746	2,199,075	4,155	-	-	(345,516)	(345,516)	-
Curbside recycling	142,020	142,891	-	-	-	871	871	-
Total business-type activities	16,251,384	18,280,549	4,155	1,345,263	-	3,378,583	3,378,583	-
Total primary government	\$ 29,165,756	\$ 20,093,048	\$ 545,338	\$ 4,834,950	\$ (7,071,003)	\$ 3,378,583	\$ (3,692,420)	\$ -
Component Unit								
Housing & redevelopment	1,160,472	-	1,090,407	-	-	-	-	(70,065)
Total component unit	\$ 1,160,472	\$ -	\$ 1,090,407	\$ -	\$ -	\$ -	\$ -	\$ (70,065)
General revenues:								
Taxes:								
Property taxes - levied for general purposes					3,630,074	-	3,630,074	-
Sales taxes					5,621,312	-	5,621,312	-
Sales taxes for special revenues					557,899	-	557,899	-
Other State taxes					77,832	-	77,832	-
Unrestricted investment earnings					730,204	1,005,618	1,735,822	42
Miscellaneous revenue					420,419	86,385	506,804	-
Gain on sale of capital assets					116,561	-	116,561	-
Transfers					982,948	(982,948)	-	-
Total general revenues & transfers					12,137,249	109,055	12,246,304	42
Change in net position					5,066,246	3,487,638	8,553,884	(70,023)
Net position - beginning					54,546,305	57,788,616	112,334,921	122,496
Correction of Error					(48,608)	-	(48,608)	-
Adjusted Net position - beginning					54,497,697	57,788,616	112,286,313	122,496
Net position - ending					\$ 59,563,943	\$ 61,276,254	\$ 120,840,197	\$ 52,473

CITY OF VERMILLION
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2024

	General	Sales Tax	Jack Powell Capital Project (Formally Non- Major)	Special Assessment Projects	Other Governmental Funds	2024 Total
ASSETS						
Cash and cash equivalents	\$ 150	\$ 8,309	\$ -	\$ -	\$ 256,455	\$ 264,914
Certificates of Deposit	6,500,000	5,900,000	-	-	1,500,000	13,900,000
Receivables (net, where applicable, of allowance for uncollectibles)						
Property taxes: delinquent	37,256	-	-	-	-	37,256
Accounts receivable	147,670	-	-	-	7,868	155,538
Special assessment receivable	-	-	-	-	353,751	353,751
Interest receivable	121,167	106,970	-	-	25,139	253,276
Lease receivable	216,297	-	-	-	-	216,297
Due from other governments	464,307	354,616	518,853	287,153	345,350	1,970,279
Due from other funds	-	171,921	-	-	-	171,921
Inventory of supplies	90,391	-	-	-	-	90,391
Inventory of stores purchased for resale	26,054	-	-	-	-	26,054
Advance to other funds	-	185,856	-	-	-	185,856
Restricted assets:						
Cash and cash equivalents	-	-	-	-	270,507	270,507
Certificate of Deposit	-	-	-	-	300,000	300,000
Investments	-	-	-	-	269,500	269,500
Interest receivable	-	-	-	-	17,159	17,159
Total assets	7,603,292	6,727,672	518,853	287,153	3,345,729	18,482,699
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	274,750	77,155	280,030	20,862	122,515	775,312
Due to other funds	232,170	-	238,823	266,291	399,133	1,136,417
Advance from other funds	-	-	-	-	890,127	890,127
Total liabilities	506,920	77,155	518,853	287,153	1,411,775	2,801,856
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-sales tax	22,976	22,621	-	-	2,250	47,847
Unavailable revenue- interest	120,656	106,970	-	-	40,872	268,498
Unavailable revenue-delinquent property tax and interest	37,256	-	-	-	-	37,256
Unavailable revenue-delinquent stormwater fees	-	-	-	-	4,576	4,576
Unavailable revenue-special assessments	-	-	-	-	346,125	346,125
Lease related deferred inflows	201,774	-	-	-	-	201,774
Total deferred inflows of resources	382,662	129,591	-	-	393,823	906,076
Fund balances:						
Nonspendable:						
Inventory	116,445	-	-	-	-	116,445
Restricted:						
Surface Transportation Program	1,022,507	-	-	-	-	1,022,507
BBB Purposes	-	-	-	-	663,425	663,425
Stormwater	-	-	-	-	822,856	822,856
Parks Capital	-	-	-	-	16,007	16,007
Library	-	-	-	-	91,338	91,338
Business Improvement District	-	-	-	-	30,000	30,000
Debt Service Funds	-	-	-	-	836,704	836,704
Committed						
Sales Tax Purposes	-	6,520,926	-	-	-	6,520,926
Unassigned	5,574,758	-	-	-	(920,199)	4,654,559
Total fund balances	6,713,710	6,520,926	-	-	1,540,131	14,774,767
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,603,292	\$ 6,727,672	\$ 518,853	\$ 287,153	\$ 3,345,729	\$ 18,482,699

CITY OF VERMILLION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2024

Amounts reported for governmental activities in the statement
 of net position are different because:

Total fund balance - governmental Funds (page 20) \$ 14,774,767

Capital assets used in governmental activities are not
 financial resources and therefore are not reported in
 the funds. 43,200,525

Long-term liabilities, including bonds payable, lease agreements and
 accrued leave payable are not due and payable in the current
 period and therefore are not reported in the funds.

Bonds payable	\$ (4,027,267)	
Notes payable	(640,000)	
Lease agreements	(1,749)	
Accrued leave payable	<u>(495,685)</u>	(5,164,701)

Assets such as taxes receivable (delinquent) and
 special assessment receivables (current, delinquent
 and deferred) are not available to pay for current period
 expenditures and therefore are deferred inflows in the funds. 704,302

Prepaid expenses are reported in the governmental
 activities but are not reported in the funds as they do not
 provide current economic resources. 131,221

Interest on long-term debt is not accrued in governmental funds, but,
 rather, is recognized as an expenditure when due. (7,263)

Bond premiums are reported in the governmental activities but are not
 reported in the funds as they do not provide current economic resources (31,274)

Net Pension Asset reported in governmental activities is not
 an available financial resource and therefore is not reported in the funds. 6,393

Pension related deferred outflows are components of net pension
 asset and therefore are not reported in the funds. 1,113,412

Pension related deferred inflows are components of net pension
 asset and therefore are not reported in the funds. (803,466)

Internal service funds are used by management to charge the costs
 of activities, such as insurance, to individual funds. The assets,
 deferred outflows of resources, liabilities, and deferred inflows of
 resources are included in the Statement of Net Position as follows:

Total Governmental and Business-Type Activities:	6,159,914	
Business-Type Activities:	<u>(519,887)</u>	<u>5,640,027</u>

Total net position - governmental activities (page 18) \$ 59,563,943

CITY OF VERMILLION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2024

	General	Sales Tax	Jack Powell Capital Project (Formally Non- Major)	Special Assessment Projects	Other Governmental Funds	2024 Total
Revenue:						
Taxes:						
General property taxes	\$ 2,962,138	\$ -	\$ -	\$ -	\$ 635,562	\$ 3,597,700
General sales & use taxes	2,847,019	2,847,659	-	-	562,973	6,257,651
Business Improvement District Fees	-	-	-	-	64,672	64,672
Stormwater fees	-	-	-	-	314,114	314,114
Penalties & interest on						
delinquent taxes	4,670	-	-	-	16,356	21,026
Licenses & permits	332,469	-	-	-	-	332,469
Intergovernmental revenue	2,030,600	22,500	986,671	500,000	845,702	4,385,473
Charges for goods & services	760,054	-	-	-	-	760,054
Fines & forfeits	34,111	-	-	-	1,521	35,632
Investment earnings	299,233	234,811	-	-	76,349	610,393
Rentals	17,348	-	-	-	-	17,348
Special assessments	598	-	-	-	83,350	83,948
Contributions & donations	-	-	-	-	-	-
from private sources	63,419	11,550	-	-	11,698	86,667
Other	208,668	-	-	-	129,731	338,399
Total revenue	<u>9,560,327</u>	<u>3,116,520</u>	<u>986,671</u>	<u>500,000</u>	<u>2,742,028</u>	<u>16,905,546</u>
Expenditures:						
Current:						
General government	1,685,227	-	-	-	-	1,685,227
Public safety	2,450,304	62,105	-	-	757,404	3,269,813
Public works	1,099,524	172,252	-	-	-	1,271,776
Health and welfare	1,070,391	15,360	-	-	-	1,085,751
Culture-recreation	1,928,406	12,971	-	-	13,265	1,954,642
Conservation and development	119,321	250,753	-	-	563,383	933,457
Debt service:						
Principal	1,378	-	-	-	1,097,187	1,098,565
Interest	40	-	-	-	162,121	162,161
Capital outlay:						
Public safety	45,385	257,069	-	-	-	302,454
Public works	-	86,038	2,839,102	2,235,266	626,874	5,787,280
Health and welfare	20,765	95,536	-	-	-	116,301
Culture-recreation	11,432	201,206	-	-	10,720	223,358
Total expenditures	<u>8,432,173</u>	<u>1,153,290</u>	<u>2,839,102</u>	<u>2,235,266</u>	<u>3,230,954</u>	<u>17,890,785</u>
Excess (deficiency) of revenues						
over (under) expenditures	<u>1,128,154</u>	<u>1,963,230</u>	<u>(1,852,431)</u>	<u>(1,735,266)</u>	<u>(488,926)</u>	<u>(985,239)</u>
Other financing sources (uses):						
Transfers in	1,384,065	64,876	1,852,431	1,735,266	1,082,231	6,118,869
Transfers out	(2,699,084)	(831,379)	-	-	(1,253,697)	(4,784,160)
Total other financing sources (uses)	<u>(1,315,019)</u>	<u>(766,503)</u>	<u>1,852,431</u>	<u>1,735,266</u>	<u>(171,466)</u>	<u>1,334,709</u>
Net change in fund balances	(186,865)	1,196,727	-	-	(660,392)	349,470
Fund balance - beginning	6,949,729	5,324,199	-	-	2,200,523	14,474,451
Correction of Error	(48,608)	-	-	-	-	(48,608)
Adjusted fund balance - beginning	6,901,121	5,324,199	-	-	2,200,523	14,425,843
Change in Inventory	(546)	-	-	-	-	(546)
Fund balance - ending	<u>\$ 6,713,710</u>	<u>\$ 6,520,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,540,131</u>	<u>\$ 14,774,767</u>

CITY OF VERMILLION
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 22)	\$ 349,470
Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding asset is exhausted.	(546)
Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. Capital outlay exceeds depreciation/amortization expense in the current year as follows:	
Expenditures for capital assets	\$ 6,077,632
Construction in Progress Removed	(77,641)
Depreciation/amortization expense	<u>(2,254,478)</u> 3,745,513
Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain on the sale of capital assets. This is the effect on the change in net position on the statement of activities.	(103,083)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, has no effect on net position. This is the amount of repayment of long term debt.	1,098,565
Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied.	(78,882)
Governmental funds do not reflect the change in accrued leave as it does not consume current financial resources. The Statement of Activities reflects the change in accrued leave through expenditures.	6,102
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues.	(7,406)
The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources.	12,767
Accrued interest expense and amortization of bond premium reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	7,143
Changes in the pension related deferred outflows/inflows are direct components of pension liability(asset) and are not reflected in the governmental funds.	(170,171)
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 funds is reported with governmental and business-type activities.	
Total Governmental and Business-Type Activities:	\$ 224,032
Business Type Activities:	<u>(17,258)</u> 206,774
Change in net position of governmental activities (page 19)	<u>\$ 5,066,246</u>

See Accompanying Notes to Financial Statements

CITY OF VERMILLION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

Business-Type Activities-Enterprise Funds									Governmental & Business Type Activities- Internal Service Funds
	Electric	Water	Wastewater	Liquor	Golf Course	Joint Powers Landfill	Non-Major Curbside Recycling	Totals	
ASSETS									
Current assets:									
Cash	\$ -	\$ -	\$ 24,301	\$ -	\$ -	\$ 10,650	\$ 29,318	\$ 64,269	\$ 85,285
Certificates of Deposit	11,275,000	750,000	2,075,000	275,000	300,000	2,640,000	75,000	17,390,000	1,410,000
Receivables (net of allowance for uncollectibles)									
Accounts	648,981	224,440	244,820	-	12,567	106,766	11,396	1,248,970	1,534
Unbilled	306,634	78,130	113,244	-	-	-	5,616	503,624	-
Interest	195,564	20,694	46,790	4,296	3,388	41,820	894	313,446	25,874
Leases	-	-	-	-	1,732	-	-	1,732	-
Due from other governments	-	1,203,887	864,778	-	-	69,828	-	2,138,493	-
Inventory of supplies	1,205,233	211,397	70,260	-	22,570	86,007	-	1,595,467	-
Inventory of stores purchased for resale	-	-	-	349,920	84,306	-	-	434,226	-
Prepaid expenses	40,133	18,083	19,936	8,371	5,602	15,886	5,584	113,595	-
Due from other funds	653,105	-	352,993	104,521	65,886	501,488	-	1,677,993	-
Total current assets	14,324,650	2,506,631	3,812,122	742,108	496,051	3,472,445	127,808	25,481,815	1,522,693
Noncurrent assets:									
Advance to other funds	704,271	-	-	-	-	-	-	704,271	-
Leases	-	-	-	-	9,446	-	-	9,446	-
Restricted assets:									
Customer Deposits									
- Cash	75,127	16,190	-	-	-	-	-	91,317	-
Bonds payable:									
- Cash	837,841	136,796	714,481	-	-	15,582	-	1,704,700	-
Landfill- closure & postclosure									
- Cash	-	-	-	-	-	590,062	-	590,062	-
Net Pension Assets	1,273	834	545	-	416	709	118	3,895	119
Total noncurrent assets	1,618,512	153,820	715,026	-	9,862	606,353	118	3,103,691	119
Capital assets									
Right of use Assets - Equipment	-	-	-	-	339,607	-	-	339,607	5,236
Land & improvements	108,093	100,663	176,873	-	2,230,834	57,992	-	2,674,455	-
Buildings	6,004,988	10,721,747	17,813,853	-	1,002,798	6,392,558	-	41,935,944	-
Improvements other than buildings	20,258,194	5,319,697	4,969,253	-	-	4,821,187	-	35,368,331	-
Furniture & equipment	375,213	195,574	2,430,535	89,198	686,805	2,211,650	49,493	6,038,468	9,059,394
Construction in progress	1,500	1,303,570	846,349	-	87,036	-	-	2,238,455	-
Less: accumulated depreciation/amortization	(12,184,003)	(6,931,934)	(13,770,599)	(73,984)	(1,385,166)	(6,804,537)	(39,100)	(41,189,323)	(4,137,332)
Total capital assets(net depreciation/amortization)	14,563,985	10,709,317	12,466,264	15,214	2,961,914	6,678,850	10,393	47,405,937	4,927,298
Total noncurrent assets	16,182,497	10,863,137	13,181,290	15,214	2,971,776	7,285,203	10,511	50,509,628	4,927,417
Total assets	30,507,147	13,369,768	16,993,412	757,322	3,467,827	10,757,648	138,319	75,991,443	6,450,110
DEFERRED OUTFLOWS OF RESOURCES:									
Pension Related Deferred Outflows	218,316	142,097	96,820	-	71,764	123,837	21,081	673,915	20,671
LIABILITIES									
Current liabilities:									
Accounts payable	416,973	241,238	132,271	130,570	46,855	72,373	5,261	1,045,541	67,242
Customer deposits	75,127	16,190	-	-	-	-	-	91,317	-
Accrued interest payable	11,920	-	2,173	-	4,644	3,604	9	22,350	5
Lease agreements- current	-	-	-	-	63,285	-	-	63,285	1,024
Due to other funds	-	507,118	-	-	-	-	-	507,118	206,379
Bonds payable - current	545,000	215,245	437,775	-	-	204,746	-	1,402,766	-
Revenue collected in advance	-	-	-	-	34,521	-	-	34,521	-
Accrued leave payable	113,351	27,372	20,411	-	42,067	56,461	955	260,617	8,642
Total current liabilities	1,162,371	1,007,163	592,630	130,570	191,372	337,184	6,225	3,427,515	283,292
Noncurrent liabilities:									
Revenue bonds	3,611,928	2,329,670	2,118,077	-	-	2,913,589	-	10,973,264	-
Lease agreements	-	-	-	-	240,678	-	-	240,678	3,953
Closure-postclosure liability	-	-	-	-	-	575,164	-	575,164	-
Accrued leave payable	78,084	18,856	14,061	-	28,978	38,893	658	179,530	5,953
Total noncurrent liabilities	3,690,012	2,348,526	2,132,138	-	269,656	3,527,646	658	11,968,636	9,906
Total liabilities	4,852,383	3,355,689	2,724,768	130,570	461,028	3,864,830	6,883	15,396,151	293,198
DEFERRED INFLOWS OF RESOURCES:									
Pension Related Deferred Inflows	159,956	104,791	68,477	-	52,477	89,089	15,155	489,945	17,669
Lease Related Deferred Inflows	-	-	-	-	22,895	-	-	22,895	-
	159,956	104,791	68,477	-	75,372	89,089	15,155	512,840	17,669
NET POSITION									
Net Investment in capital assets	10,407,057	8,064,718	9,910,412	15,214	2,657,951	3,560,515	10,393	34,626,260	4,927,298
Restricted for:									
Restricted for debt service	825,921	136,796	712,308	-	-	15,582	-	1,690,607	-
Restricted for landfill closure & postclosure	-	-	-	-	-	14,898	-	14,898	-
Restricted for SDRS Pension Purposes	1,273	834	545	-	416	709	118	3,895	119
Unrestricted	14,478,873	1,849,037	3,673,722	611,538	344,824	3,335,862	126,851	24,420,707	1,232,497
Total net position	\$ 25,713,124	\$ 10,051,385	\$ 14,296,987	\$ 626,752	\$ 3,003,191	\$ 6,927,566	\$ 137,362	\$ 60,756,367	\$ 6,159,914
Adjustment to reflect the consolidation of internal service fund activities related to enterprise activities								519,887	
Net Position of Business-type Activities								\$ 61,276,254	

CITY OF VERMILLION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities-Enterprise Funds								Governmental & Business -Type Activities- Internal Service Funds
	Non-Major								
	Electric	Water	Wastewater	Liquor	Golf Course	Joint Powers Landfill	Curbside Recycling	Totals	
Operating revenue:									
Charges for goods and services	\$ 6,336,890	\$ 1,925,972	\$ 2,172,602	\$ 1,836,865	\$ 1,024,619	\$ 2,092,956	\$ 132,145	\$ 15,522,049	\$ 842,610
Surcharge as security for debt	790,010	272,914	398,918	-	-	-	-	1,461,842	-
Miscellaneous	1,040,209	134,109	4,575	-	900	106,119	10,746	1,296,658	-
Total operating revenue	8,167,109	2,332,995	2,576,095	1,836,865	1,025,519	2,199,075	142,891	18,280,549	842,610
Operating expenses:									
Personnel services	1,110,048	801,941	573,771	-	563,771	770,832	118,603	3,938,966	126,584
Other current expense	589,073	595,812	1,137,748	332,961	290,460	1,053,502	21,700	4,021,256	61,004
Materials (cost of goods sold)	3,575,115	495,988	-	1,154,979	241,984	-	-	5,468,066	-
Depreciation/amortization	782,354	340,663	553,717	17,470	94,421	669,438	2,177	2,460,240	609,387
Total operating expenses	6,056,590	2,234,404	2,265,236	1,505,410	1,190,636	2,493,772	142,480	15,888,528	796,975
Operating income (loss)	2,110,519	98,591	310,859	331,455	(165,117)	(294,697)	411	2,392,021	45,635
Nonoperating revenue (expense):									
Interest earned	581,653	61,197	167,732	13,568	24,820	153,260	3,388	1,005,618	61,852
Rental revenue	-	12,527	-	-	73,858	-	-	86,385	-
Intergovernmental Revenue	-	-	-	-	-	4,155	-	4,155	-
Interest expense and fiscal charges	(140,740)	(64,817)	(86,672)	(95)	(9,748)	(52,623)	-	(354,695)	(16)
Gain(loss) on discarded equipment	(4,644)	(16,874)	(816)	(685)	-	(2,400)	-	(25,419)	116,561
Total nonoperating revenue (expense)	436,269	(7,967)	80,244	12,788	88,930	102,392	3,388	716,044	178,397
Income (Loss) before contributions, Special Items, and transfers	2,546,788	90,624	391,103	344,243	(76,187)	(192,305)	3,799	3,108,065	224,032
Capital Contributions	-	296,753	1,400,271	-	-	-	-	1,697,024	-
Transfer in	-	-	-	-	43,063	-	-	43,063	-
Transfer out	(981,834)	(29,583)	(28,679)	(337,676)	-	-	-	(1,377,772)	-
Change in net position	1,564,954	357,794	1,762,695	6,567	(33,124)	(192,305)	3,799	3,470,380	224,032
Total net position - beginning	24,148,170	9,693,591	12,534,292	620,185	3,036,315	7,119,871	133,563	57,285,987	5,935,882
Total net position - ending	\$ 25,713,124	\$ 10,051,385	\$ 14,296,987	\$ 626,752	\$ 3,003,191	\$ 6,927,566	\$ 137,362	\$ 60,756,367	\$ 6,159,914

Reconciliation of change in net position of Enterprise Funds to Business-Type Activities

Change in Net Position of Enterprise Funds (Page 25)

Adjustment to reflect the consolidation of internal service fund activities related to enterprise activities

Change in Net Position of Business-type Activities (page 19).

3,470,380
17,258
\$ 3,487,638

CITY OF VERMILLION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities-Enterprise Funds								Governmental & Business Type Activities- Internal Service Funds
	Electric	Water	Wastewater	Liquor	Golf Course	Joint Powers Landfill	Non-Major	Totals	
							Curbside Recycling		
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers	\$ 7,904,374	\$ 2,262,728	\$ 2,488,202	\$ 1,837,704	\$ 1,096,744	\$ 2,248,209	\$ 142,690	\$ 17,980,651	\$ 842,306
Cash received from interfund services provided	216,682	14,404	15,062	-	-	-	-	246,148	-
Cash paid for personal services	(1,062,802)	(793,057)	(549,800)	-	(548,084)	(738,102)	(115,208)	(3,807,053)	(118,098)
Cash paid for interfund services	(1,033)	(91,748)	(100,241)	(7,289)	(27,524)	(6,265)	-	(234,100)	-
Cash paid to suppliers	(4,460,602)	(968,427)	(969,353)	(1,522,450)	(471,436)	(965,244)	(22,277)	(9,379,789)	(59,169)
Net cash provided by operating activities	2,596,619	423,900	883,870	307,965	49,700	538,598	5,205	4,805,857	665,039
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Acquisition and construction of capital assets	(421,880)	(1,241,308)	(1,641,506)	-	(382,671)	(116,879)	-	(3,804,244)	(1,284,621)
Capital Grants	-	-	480,485	-	-	-	-	480,485	-
Proceeds from sale of assets	-	-	-	-	-	-	-	-	128,300
Proceeds from issuance of lease agreements	-	-	-	-	339,607	-	-	339,607	5,236
Principal paid on bonds and lease agreements	(530,000)	(332,780)	(489,474)	(11,138)	(42,054)	(221,474)	-	(1,626,920)	(259)
Interest paid on bonds and lease agreements	(151,885)	(64,817)	(86,793)	(112)	(5,194)	(52,957)	-	(361,758)	(11)
Net cash (used for) capital and related financing activities	(1,103,765)	(1,638,905)	(1,737,288)	(11,250)	(90,312)	(391,310)	-	(4,972,830)	(1,151,355)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES									
Due from other funds	(649,319)	507,118	(352,993)	(104,521)	(65,886)	(501,488)	-	(1,167,089)	204,281
Advances to Other Funds	(700,860)	-	-	-	-	-	-	(700,860)	-
Intergovernmental Revenue	-	-	-	-	-	22,604	-	22,604	-
Transfer in	-	-	-	-	43,063	-	-	43,063	-
Transfer (out)	(981,834)	(29,583)	(28,679)	(337,676)	-	-	-	(1,377,772)	-
Net cash provided by (used for) non-capital financing activities	(2,332,013)	477,535	(381,672)	(442,197)	(22,823)	(478,884)	-	(3,180,054)	204,281
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest on investments	581,273	69,776	170,297	13,943	30,204	149,292	3,523	1,018,308	56,899
Purchase of investments	(11,275,000)	(750,000)	(2,075,000)	(275,000)	(300,000)	(2,640,000)	(75,000)	(17,390,000)	(1,410,000)
Sale of investments	10,090,000	1,050,000	2,550,000	250,000	250,000	1,450,000	50,000	15,690,000	1,310,000
Net cash provided by (used for) investing activities	(603,727)	369,776	645,297	(11,057)	(19,796)	(1,040,708)	(21,477)	(681,692)	(43,101)
Net increase (decrease) in cash and cash equivalents	(1,442,886)	(367,694)	(589,793)	(156,539)	(83,231)	(1,372,304)	(16,272)	(4,028,719)	(325,136)
Cash and cash equivalents beginning of year	2,355,854	520,680	1,328,575	156,539	83,231	1,988,598	45,590	6,479,067	410,421
Cash and cash equivalents end of year	\$ 912,968	\$ 152,986	\$ 738,782	\$ -	\$ -	\$ 616,294	\$ 29,318	\$ 2,450,348	\$ 85,285
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES									
Operating income (loss)	\$ 2,110,519	\$ 98,591	\$ 310,859	\$ 331,455	\$ (165,117)	\$ (294,697)	\$ 411	\$ 2,392,021	\$ 45,635
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:									
Depreciation	782,354	340,663	553,717	17,470	94,421	669,438	2,177	2,460,240	609,387
Rental revenue	-	12,527	-	-	73,858	-	-	86,385	-
Accounts receivable	(51,498)	(67,095)	(72,831)	839	(5,624)	55,236	(201)	(141,174)	(304)
Lease Receivable	-	-	-	-	73,087	-	-	73,087	-
Due from other governments	-	-	-	-	-	(6,102)	-	(6,102)	-
Inventory	(393,063)	(18,156)	23,042	(24,141)	(2,139)	(36,220)	-	(450,677)	-
Prepaid expenses	2,075	(212)	(2,014)	580	1,545	(402)	(4,122)	(2,550)	-
Net Pension Asset	1,884	1,219	831	-	629	1,080	147	5,790	123
Deferred Outflows of Resources	29,451	19,540	13,536	-	9,965	16,443	1,239	90,174	(1,047)
Deferred Inflows of Resources	2,202	2,055	(287)	-	(73,629)	(428)	1,925	(68,162)	2,977
Accounts payable	93,541	49,993	47,126	(18,238)	34,078	36,590	3,545	246,635	2,184
Revenue collected in advance	-	-	-	-	3,556	-	-	3,556	-
Leave liability	13,709	(13,930)	9,891	-	5,070	15,635	84	30,459	6,084
Closure liability	-	-	-	-	-	82,025	-	82,025	-
Customer deposits	5,445	(1,295)	-	-	-	-	-	4,150	-
Net cash provided by operating activities	\$ 2,596,619	\$ 423,900	\$ 883,870	\$ 307,965	\$ 49,700	\$ 538,598	\$ 5,205	\$ 4,805,857	\$ 665,039
Noncash investing, capital and financing activities:									
Bond issuance receivable	\$ -	\$ 1,203,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,203,887	\$ -
Exchange of payables for capital assets	-	99,684	-	-	-	-	-	99,684	59,910
(Loss) on disposal of capital assets not affecting operating income	(300)	(122,443)	-	-	-	-	-	(122,743)	-
Total noncash investing, capital and financing activities	\$ (300)	\$ 1,181,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,180,828	\$ 59,910
Reconciliation of cash and cash equivalents:									
Unrestricted	\$ -	\$ -	\$ 24,301	\$ -	\$ -	\$ 10,650	\$ 29,318	\$ 64,269	\$ 85,285
Restricted	912,968	152,986	714,481	-	-	605,644	-	2,386,079	-
Total reconciliation of cash & cash equivalents	\$ 912,968	\$ 152,986	\$ 738,782	\$ -	\$ -	\$ 616,294	\$ 29,318	\$ 2,450,348	\$ 85,285

See Accompanying Notes to Financial Statements

Notes to Financial Statements

Note 1- Summary of Significant Accounting Policies

The City of Vermillion was incorporated February 16, 1877, under the provisions of South Dakota Codified Law, as amended. The City operates under the Council-Manager form of government. The funds included in this report are controlled by or dependent upon the municipality's governing board.

The City's financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City of Vermillion consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its City Council 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 to impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

The Housing and Redevelopment Commission of the City of Vermillion, South Dakota (Commission) is a proprietary fund-type and is required to be reported as a discretely presented component unit. The five members of the Commission are appointed by the Mayor, with the approval of the City Council, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The City Council, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the City Council the ability to impose its will on the Commission. The commission operates on a fiscal year, therefore financial statements presented herein are reported for the year ended June 30th, 2024. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained by writing to the Commission at PO Box 362, Vermillion, SD 57069.

Joint Ventures – A joint powers agreement between the City of Yankton, City of Vermillion, Yankton County and Clay County was adopted in 1994. The purpose of this agreement is to provide for the joint ownership, administration and operation of a solid waste disposal and recycling system including; a solid waste transfer station or stations, the transportation of solid waste, a sanitary landfill licensed by the State of South Dakota, recycling program and facilities, establishing and collecting such fees as are necessary to support the joint operation and such other operations and facilities as are necessary to exercise the primary responsibilities established under the joint powers agreement. It is not the purpose of the agreement to create a separate entity. The membership of the Advisory Board consists of: one member of the governing body of each participating government, the city managers of the Cities of Yankton and Vermillion, and one citizen chosen by each participating governing body. The undivided interest in the joint agreement is reported as Joint Powers-Landfill as an enterprise fund. A separate financial statement for the joint venture is not issued.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Government-wide and fund financial statements

Government-wide Financial Statements:

The City's government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities. The City's general, special revenue, debt service, capital projects, and internal service funds are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental, business-type and component unit activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts-net investment in capital assets, restricted net position and unrestricted net position. The City first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (general governmental, public safety, public works, health & welfare, culture & recreation, conservation & development) and each segment of the business-type activities. The functions are supported by general government revenues and related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the City are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City can electively add a fund, as a major fund, which has a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. The various funds reported in the financial statements are grouped into fund types as follows:

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental fund types of the City:

General Fund – The General fund is the general operating fund of the municipality. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Special Revenue Funds – The Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt Service Fund – The Debt Service fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs not being financed by proprietary funds.

Capital Projects Funds – The Capital Projects fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by Proprietary Funds.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. The U.S. Generally Accepted Accounting Principles used are those applicable to similar businesses in the private sector.

Enterprise Funds – Enterprise funds are used to account for those operations (a) that are financed and operated in a manner similar to private business or enterprises, where the intent of the governing body is that the costs (expenses, including depreciation/amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds – Internal Service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

The City's internal service funds are presented in the proprietary fund financial statements. These services benefit governmental and business-type functions; as such the results of operations have been allocated and are included within governmental and business-type activities in the government-wide financial statements.

A description of the City's internal service funds is as follows:

Copier-Fax-Postage Fund – The copier-fax-postage fund is used to account for all operating cost and replacement of the central copier, postage and fax machine at city hall. All departments are billed for copies, postage, and faxes used at a cost plus depreciation/amortization.

Unemployment Insurance Fund – This fund has been established to account for the City self-insurance for unemployment insurance claims.

Equipment Replacement Fund – The equipment replacement fund is used to account for rental of equipment used by all City departments and to provide the means to purchase replacement equipment when needed. All the major items of the city's rolling stock are contained in this fund.

Custodial Services Fund – The custodial services fund is used to account for the costs associated with providing janitorial services for city buildings.

Technology Replacement Fund – The Technology Replacement fund is used to account for the costs associated with providing IT services for City buildings.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

General Fund – See the description above. The General Fund is always considered to be a major fund.

Special Revenue Fund:

Sales Tax Fund – This fund is used to account for sales tax revenue in excess of the amount received if the rate of sales tax were one percent. The state law was changed to remove the language that restricted the use of the second penny sales tax revenues allowing for local control of the two percent tax revenues. A City ordinance was adopted that designated the usage of the sales tax proceeds in excess of one percent and provides these funds may be used only for capital improvement (definition of “capital” to include the accounting definition of capital item currently being an item over \$5,000), land acquisition, the funding of public ambulances and medical emergency response vehicles, nonprofit hospitals with fifty or fewer licensed beds, and other public care facilities or nonprofit health care facilities with fifty or fewer licensed beds, the transfer to the special 911 fund authorized by SDCL § 34-45-12, the purchasing of fire fighting vehicles and equipment, debt retirement, major building repair projects (roof repair, etc.), capital project planning, feasibility studies, and the minor rehabilitation, major rehabilitation, or reconstruction of streets as defined in the June 1994 South Dakota Department of Transportation’s pavement Condition Survey Guide for City Streets.

Capital Project Funds:

Jack Powel Capital Project Fund – This fund is used to account for the construction improvements to the Jack Powell Housing Addition.

Special Assessment Fund – This fund is used to account for projects that will be assessed to property owners property taxes.

The City reports the following major enterprise funds:

Electric Fund – This fund accounts for the activities of the government’s electric distribution operation.

Water Fund – This fund accounts for the activities of the government’s water treatment and distribution operation.

Wastewater Fund – This fund accounts for the activities for the government’s sanitary sewer collection and treatment operations.

Liquor Fund – This fund accounts for the operation of the City package off-sale liquor store. In November 2008 the City entered into a contract for management of the liquor store. Under the contract, the city accounts for all the operations with the manager paid a fee plus a percentage of the profits.

Golf Course Fund – This fund accounts for the activities of the public 18-hole golf course and residential housing development. All marketed housing sites have been sold resulting in eighty-two single family homes, four twin homes, and fifteen townhouse units.

Joint Powers Landfill-Recycling – On April 9, 1994 The City of Vermillion, City of Yankton, Clay County and Yankton County entered into a joint powers operation for landfill and recycling. The fund accounts for the activities of the landfill and recycling center located in Vermillion. The transfer station and recycling in Yankton are accounted for by the City of Yankton.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type and component unit 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 fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, and business-type, and component unit activities are presented using the accrual basis of accounting.

Under the accrual basis of accounting, revenues and related assets 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, 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 City is 30 days. The revenues which are accrued at December 31, 2024 are property taxes, special assessments, and intergovernmental revenues. Licenses, fines, and permits are not susceptible to accrual because generally they are not measurable until received in cash.

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. Reported unavailable revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Interfund Eliminations and Reclassifications:

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements while direct expenses are not eliminated. Interfund services provided and used are not eliminated in the process of consolidation.

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:

- a. 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.
- b. In order to minimize the doubling-up effect of internal service fund activity, certain “centralized expenses” including an administrative overhead component, 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 Internal Service Funds so that expenses are reported only by the function to which they relate.

E. Deposits and Investments

State statutes authorize the City to invest in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1, and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts that exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish revocable 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 better or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota. Deposits and investments during the year have not varied from these statutes and were consistent with those held by the City at year-end.

Deposits

The City’s deposits at December 31, 2024 consist of bank deposits that are covered by Federal depository insurance or for the accounts that exceed deposit insurance eligible collateral or revocable standby letter of credit as required by SDCL 4-6A-3 were maintained to insure there would be no loss of public funds. Deposits also consist of nonnegotiable certificate of deposits with a carrying value of \$33,000,000. The City’s bank deposits, per banks, at December 31, 2024 were \$33,473,734 and \$107,424 in deposits of the Vermillion Housing and Redevelopment Commission for total bank deposits of \$33,581,158.

Investment

In general, SDCL 4-5-6 permits municipal funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly, including without limitations, United States treasury bills, notes, bonds, and other obligations issued or directly or indirectly guaranteed by the United States government, or otherwise directly or indirectly backed by the full faith and credit of the United States government; provided that, for other than permanent,

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

trust, retirement, building, and depreciation reserve funds, such securities shall either mature within eighteen months from the date of purchase or be redeemable at the option of the holder within eighteen months from the date of purchase; or (b) repurchase agreements fully collateralized by securities described in (a) and meeting the requirements of SDCL 4-5-9, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the one hundred largest United States commercial banks, as measured by domestic deposits; or (c) in shares of an open-end, no-load fund administered by an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933 and whose only investment are in securities described in (a) and repurchase agreements as described in (b).

The City also participates in the South Dakota Public Funds Investment Trust (SDFIT). The SDFIT was established under SDCL 1-24 and is an external investment pool created for South Dakota local government investing. A nine-member board regulates it with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. The (GCR) measures its investment at the amortized cost. The weighted average maturity of the SDFIT Pool does not exceed the 60-day max requirement of GASB 79.

Earnings are credited to each account on a monthly basis. There are no limitations or restrictions on withdrawals for the SDFIT investments. Therefore, SDFIT investments are considered cash and cash equivalents. The investment in SDFIT is unrated. The City's SDFIT balance at December 31, 2024 was \$2,628,144.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The City's strategy has been establishing a maturity schedule that has investments maturing in a laddered fashion with only a portion of the total portfolio being reinvested each month. This technique reduces the risk that all or most of the investments will mature and be reinvested at a time of relatively low interest rates.

Credit Risk

The credit risk that an issuer or other counterparty at an investment will not fulfill its obligations. As outlined above in state statute SDCL 4-5-6 and city policy limit, which complies with state statute, the type of investments allowed to reduce the amount of credit risk to the portfolio.

Custodial Risk – Deposits

In the case of deposits that is under the risk in the event of a bank failure, the City's deposits may not be returned. State law SDCL 4-6A-3 requires depositories 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.

Custodial Risk – Investment

In the case of investments that is under the risk in the event of a bank failure, the City's investments may not be returned.

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 City's policy is to credit all income from investments to the fund making the investment.

City of Vermillion
Annual Comprehensive Financial Report
December 31, 2024

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Restricted Cash and Investments

The City's restricted cash and investments and the nature of the restriction is as follows:

Fund	Restricted By	Amount
Special Assessment Bonds Fund	Bond Covenants	\$ 418,358
Prentis Park Improvements Debt Service	Bond Covenants	90,998
City Hall Debt Service Fund	External Parties	321,707
TIF District No. 7 Fund	Bond Covenants	8,944
Electric Fund	Bond Covenants	837,841
Electric Fund	Customer Deposits	75,127
Water Fund	Bond Covenants	136,796
Water Fund	Customer Deposits	16,190
Wastewater Fund	Bond Covenants	714,481
Joint Powers-Landfill Fund	Bond Covenants	15,582
Joint Powers-Landfill Fund	State Agency	590,062
Total Restricted Cash and Investments		<u>\$ 3,226,086</u>

The City's restricted and non-restricted investments are comprised of investments issued by government-sponsored enterprises (GSE's) or federally related institutions that are guaranteed directly or indirectly by the U.S. government (U.S. Agencies) as follows:

Restricted Investments	Amount
U.S. Treasury Note	<u>\$ 269,500</u>

Investments are stated at fair value. Accordingly, changes in the fair value of investments at year-end are reflected as a component of earnings on investments.

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the U.S. Treasury Note of \$269,500 was determined using the last reported sales price at current exchange rates (Level 1 inputs).

The City had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

G. Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of December 31, 2024, balances of short-term interfund amounts payable or receivable have been recorded as: "due to other funds", and "due from other funds", respectively. Noncurrent portions of interfund loan receivables are reported as advances. Any residual balance outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

The purpose of interfund balances is to finance short-term cash flow shortages of various funds and to account for the current portion of special assessment bonds.

City of Vermillion
Annual Comprehensive Financial Report
December 31, 2024

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

An additional \$519,887 is included in the internal balances of the governmental funds and business-type funds on the Statement of Net Position. This represents the adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds as shown in the Statement of Net Position-Proprietary Funds.

The composition of short-term interfund balances as of December 31, 2024 is as follows:

	Short-term Interfund Receivables	Short-term Interfund Payables
General Fund	\$ -	\$ 232,170
Special Revenue Funds:		
911 Fund	-	83,452
Stormwater	-	143,760
Sales Tax Fund	171,921	-
Enterprise Funds:		
Electric	653,105	-
Water	-	507,118
Wastewater	352,993	-
Joint Powers	501,488	-
Liquor	104,521	-
Golf	65,886	-
Capital Projects Funds:		
Jack Powell	-	238,823
Airport	-	171,921
Special Assessment	-	266,291
Internal Services		
Equipment Replacement	-	204,678
Copier & Faxes	-	1,701
	\$ 1,849,914	\$ 1,849,914

The composition of long-term advances as of December 31, 2024, is as follows:

	Advance to	Advance (from)
<u>Enterprise</u>		
Electric	\$ 704,271	\$ -
<u>Debt Service</u>		
TIF District No. 6	-	143,429
TIF District No. 7	-	42,427
Special Assessment	-	3,411
TIF District No. 9	-	700,860
<u>Special Revenue</u>		
Sales Tax	185,856	-
	\$ 890,127	\$ 890,127

The advances consist of Special Assessment Bonds which were purchased by the Electric Enterprise Fund and are payable from the Special Assessment Debt Service Fund. The advance between the Sales Tax Fund and TIF District No. 6 & 7 and the advance between the Electric Fund and TIF District No. 9 is to cover current debt service payments on the related debt. Repayment on the advance will be made as TIF revenues become available.

H. Inventory and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. In the government-wide financial statements and proprietary fund statements inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed. In the governmental

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

fund financial statements, purchases of inventory items are recorded as expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a non-spendable fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of net position.

Payments made to vendors for services that will benefit periods beyond December 31, 2024 are recorded as prepaid items in the government-wide financial statements and in the proprietary funds financial statements.

I. Deferred Outflow/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 assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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 inflow of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has unavailable revenue from a variety of sources in the governmental funds. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: sales tax, special assessments, interest income, property taxes, and stormwater fees. The City also has deferred inflows related to leases where the City is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease. The Statement of Net Position also consists of pension related revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. Cash Flows

For the purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

K. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

L. 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. Assets with an initial individual cost of \$5,000 or more are considered capital assets. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost beginning in 1980 as required by GASB 34. Depreciation on all assets excluding land and construction in process is provided on the straight-line basis over the following estimated lives:

Buildings	33-50 Years
Improvement Other Than Buildings	30-33 Years
Furniture & Equipment	3-15 Years
Infrastructure	15-40 Years

M. Leases

City as Lessor: The City of Vermillion is a lessor for noncancellable leases of building, land, and telephone tower space. The City recognizes lease receivables and deferred inflows of resources in the government-wide, governmental fund, and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City of Vermillion determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

The City of Vermillion uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

City as Lessee: The City is the lessee for noncancellable leases of postage machines, golf carts, and a building. The City has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements.

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

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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

The lease term includes the non-cancellable period of the lease. Lease payments and a purchase option price that the City is reasonably certain to exercise.

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

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

N. Accumulated Unpaid Vacation and Sick Leave

Annual leave is earned by the employees at the rate of 48 hours to 200 hours per year depending on length of service. Upon termination, employees are entitled to receive compensation for their accrued annual leave balance on the basis of their current rate of pay. Sick leave is earned by the employees at the rate of 120 to 160 hours per year depending on length of service to a maximum of 1,700 hours. Upon termination, employees with five years or more of service are entitled to receive compensation for their accrued sick leave balance on the basis of their current rate of pay times one-third of their sick leave balance. Compensation may not exceed one third of 720 hours for 5 to 10 years of service, and one-third of 760 hours for more than 10 years of service.

A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next and the leave is more likely than not to be used for a time off or otherwise paid in cash or settled through noncash means. Accumulated vacation and sick leave including related employee benefits that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. Amounts of accumulated vacation and sick leave including related employee benefits that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. Accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. The accrued leave payable has been computed based on rates of pay in effect of December 31, 2024.

O. Long-Term Obligations

Long-term liabilities are recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

P. Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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. Municipal contributions and net pension liability (asset) are recognized on an accrual basis of accounting. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Equity Classifications

Government-wide Financial Statements:

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

1. Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, leases, 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 places on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments: of (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements.

R. Application of Net Position

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

S. Fund Balance Classification Policies and Procedures

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

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints
- 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 (i.e. City Council) and does not lapse at year-end. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balances may be assigned by action of the City Council.
- 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 Municipality 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 a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

The City Council established (modifies or rescinds) fund balance commitments by passage of an ordinance. Assigned fund balance is established by the City Council through adoption or amendment of budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service or for other purposes).

Note 2 – Property Tax

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 payable in two installments on or before April 30 and October 31 of the following year. The county bills and collects the City's taxes and remits them to the City. The City accrues all delinquent property tax revenue received within 30 days after December 31, 2024.

The City is permitted by state statute to levy the following amounts of taxes per \$1,000 of taxable valuation of the property in the municipality:

General Fund	\$27
Bond Redemption Funds	Amounts Required by
	Bond Agreements
Judgment Fund	
(Upon Judgment Being Made)	\$10

The combined tax rate to finance municipal services including principal and interest on long-term debt for the year ended December 31, 2024 was \$5.167 per \$1,000 of taxable valuation.

Note 3 – Receivables

Receivables are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to special assessments	\$ 8,689
Uncollectibles related to ambulance charges	164,602
Uncollectibles related to mobile home fees	115
Uncollectibles related to miscellaneous fees	11,674
Uncollectibles related to electric charges	18,671
Uncollectibles related to water charges	4,578
Uncollectibles related to wastewater charges	4,364
Uncollectibles related to golf course charges	2,236
Uncollectibles related to curbside recycling charges	502
	<u>\$ 215,431</u>

Amounts due from other governments include \$3,714,260 from the State of South Dakota, \$136,152 due from Clay County, \$69,828 due from the City of Yankton, and \$188,532 due from the Federal Government.

City of Vermillion
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Notes to Financial Statements

Note 4 – Capital Assets

A summary of the changes in the capital assets for the year ended December 31, 2024, is as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Governmental Activities:				
Capital Assets not being depreciated/amortized				
Land	\$ 2,385,638	\$ -	\$ -	\$ 2,385,638
Infrastructure Land	401,374	-	-	401,374
Construction in Progress	170,292	5,480,794	(2,481,298)	3,169,788
Total capital assets not being depreciated/amortized	<u>2,957,304</u>	<u>5,480,794</u>	<u>(2,481,298)</u>	<u>5,956,800</u>
Capital Assets being depreciated/amortized				
Buildings	28,687,232	520,152	(239,631)	28,967,753
Furnishings & Equipment	12,956,698	1,956,839	(632,515)	14,281,022
Books	2,076,981	97,162	(44,536)	2,129,607
Right-to-Use Leased Equipment	6,145	5,236	(2,538)	8,843
Infrastructure	33,392,369	1,883,505	-	35,275,874
Total capital assets being depreciated/amortized	<u>77,119,425</u>	<u>4,462,894</u>	<u>(919,220)</u>	<u>80,663,099</u>
Less: Accumulated Depreciation/Amortization for:				
Buildings	(11,150,267)	(855,228)	136,265	(11,869,230)
Furnishings & Equipment	(7,341,042)	(995,562)	506,321	(7,830,283)
Books	(655,119)	(44,948)	41,540	(658,527)
Right-to-Use Leased Equipment	(3,048)	(1,508)	2,404	(2,152)
Infrastructure	(17,165,265)	(966,619)	-	(18,131,884)
Total Accumulated Depreciation/Amortization	<u>(36,314,741)</u>	<u>(2,863,865)</u>	<u>686,530</u>	<u>(38,492,076)</u>
Total Capital Assets, being depreciated/amortized, net	<u>40,804,684</u>	<u>1,599,029</u>	<u>(232,690)</u>	<u>42,171,023</u>
Governmental activities capital assets, net	<u>\$ 43,761,988</u>	<u>\$ 7,079,823</u>	<u>\$ (2,713,988)</u>	<u>\$ 48,127,823</u>

In 2024 the Bike Path Capital Project had been damaged due to flooding in the area. This project was abandoned therefore the Construction in Progress was removed and expensed in culture and recreation in the amount of \$77,641.

The following commitments are included in construction in progress:

	Total Project Authorization	Expended thru 12/31/2024
Public Works:		
Jack Powell	\$ 4,688,694	\$ 2,839,102
Jolley	203,497	201,174
Brooks Industrial Park	58,000	35,389
Airport	99,602	94,123
	<u>\$ 5,049,793</u>	<u>\$ 3,169,788</u>

City of Vermillion
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Notes to Financial Statements

Note 4 – Capital Assets (Continued)

	Balance January 1, 2024	Additions	Deletions	Reclassify	Balance December 31, 2024
Business-Type Activities:					
Capital Assets, not being depreciated/amortized					
Land and Improvements	\$ 2,674,455	\$ -	\$ -	\$ -	\$ 2,674,455
Construction in Progress	266,230	3,767,186	(1,794,961)	-	2,238,455
Total capital assets, not being depreciated/amortized	2,940,685	3,767,186	(1,794,961)	-	4,912,910
Capital Assets being depreciated/amortized					
Buildings	40,560,991	1,381,440	(6,487)	-	41,935,944
Infrastructure	34,979,594	413,522	(24,785)	-	35,368,331
Right-to-Use Lease - Equipment	80,813	339,607	(80,813)	-	339,607
Right-to-Use Lease - Buildings	32,853	-	(32,853)	-	-
Furnishings & Equipment	6,045,292	55,201	(62,025)	-	6,038,468
Total capital assets being depreciated/amortized	81,699,543	2,189,770	(206,963)	-	83,682,350
Less: Accumulated Depreciation/Amortization for:					
Buildings	(17,165,888)	(1,002,490)	2,654	-	(18,165,724)
Infrastructure	(17,086,344)	(1,139,573)	13,261	50,126	(18,162,530)
Right-to-Use Lease - Equipment	(66,882)	(47,894)	80,813	-	(33,963)
Right-to-Use Lease - Buildings	(21,902)	(10,951)	32,853	-	-
Furnishings & Equipment	(4,575,245)	(259,332)	57,597	(50,126)	(4,827,106)
Total Accumulated Depreciation/Amortization	(38,916,261)	(2,460,240)	187,178	-	(41,189,323)
Total Capital Assets, being depreciated/amortized, net	42,783,282	(270,470)	(19,785)	-	42,493,027
Governmental Activities Capital Assets, net	\$ 45,723,967	\$ 3,496,716	\$ (1,814,746)	\$ -	\$ 47,405,937

The following commitments are included in construction in progress:

	Total Project Authorization	Expended thru 12/31/2024
Golf Course Housing Sites	\$ 252,804	\$ 43,973
Golf Course Bathroom	80,000	43,063
Wastewater	3,103,000	846,349
Water	1,962,096	1,303,570
Electric	1,500	1,500
	<u>\$ 5,399,400</u>	<u>\$ 2,238,455</u>

City of Vermillion
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Notes to Financial Statements

Note 4 – Capital Assets (Continued)

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 200,594
Public Safety	225,431
Public Works	1,215,090
Health & Welfare	79,011
Culture & Recreation	534,352
Total depreciation/amortization expense	
- Governmental Activities	2,254,478
- Internal Service Funds	609,387
	<u>\$ 2,863,865</u>
Business-Type Activities:	
Electric	\$ 782,354
Water	340,663
Wastewater	553,717
Liquor	17,470
Golf Course	94,421
Joint Powers Landfill	669,438
Curbside Recycling	2,177
Total depreciation/amortization expense	
- Business-Type Activities	<u>\$ 2,460,240</u>

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit:				
Capital Assets, being depreciated				
Furniture & Equipment	\$ 3,628	\$ -	\$ -	\$ 3,628
Total capital assets being depreciated	<u>3,628</u>	<u>-</u>	<u>-</u>	<u>3,628</u>
Less:				
Accumulated Depreciation	<u>(3,628)</u>	<u>-</u>	<u>-</u>	<u>(3,628)</u>
Total Capital Assets, being depreciated, net \$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Reconciliation of Net Investment in Capital Assets:

	Governmental	Business-Type
Land and Improvements	\$ 2,787,012	\$ 2,674,455
Construction in Progress	3,169,788	2,238,455
Capital Assets		
Net of Accumulated Depreciation/Amortization	42,171,023	42,493,027
Less:		
Retainage Payable	(293,010)	(99,684)
General Obligation Bond	(1,836,274)	-
Revenue Bonds	(2,222,267)	(12,376,030)
Notes Payable	(640,000)	-
Lease Agreements	<u>(6,726)</u>	<u>(303,963)</u>
Net Investment in		
Capital Assets	<u>\$ 43,129,546</u>	<u>\$ 34,626,260</u>

City of Vermillion
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Notes to Financial Statements

Note 5 – Long-Term Liabilities

Notes Payable—Direct Borrowing

The City currently has two notes payable that were outstanding during the fiscal year. The first was entered into in 2017 with the Solid Waste Management Program for purchase of Landfill Dozer in the amount of \$150,000. The rate on this loan is 2.00%; repayment began on June 1, 2018 and matured December 1, 2024. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due. This note was paid off in the current year.

The second is an agreement with The First National Bank in Sioux Falls (Trustee) for the financing to construct a new city hall building. The Declaration of Trust Agreement, the Lease-Purchase Agreement and Ground Lease Agreement between the City and The First National Bank along with the issuance of \$4,475,000 of Certificates of Participation were completed in September 2007. These agreements are evidence of the Bank's ownership interest in the assets with the City of Vermillion. On December 2, 2015 the city issued \$2,695,000 of crossover refunding certificates of participation series 2007. The series 2007 certificates of participation refunded December 15, 2016. The Series 2015 certificate in participation with interest rates varying between 1.45% and 2.80% with final payment due December 15, 2026. As a result of the refunding, the City reduced its debt service payments over the remaining life of the certificates by \$127,122 and obtained an economic gain of \$111,073. The corporate Trustee changed from the First National Bank in Sioux Falls to U.S. Bank Corporate Trust in the first quarter of 2019. Sales tax funds have been pledged to make the lease payments over the term of the agreement. Prior to GASB 87, this was classified as a capital lease. After implementing GASB 87, this is classified as a finance purchase agreement.

Notes Payable- Direct Borrowing outstanding at December 31, 2024 is as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Outstanding Amounts</u>
Certificates of Participation	1.45%-2.80%	\$640,000

Annual debt service requirements to maturity are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 315,000	\$ 17,448	\$ 332,448
2026	325,000	9,100	334,100
Total	\$ 640,000	\$ 26,548	\$ 666,548

Revenue Bonds

SRF Loans — (Direct Borrowing)

On August 19, 2002 the City entered into a loan agreement with the South Dakota Conservancy District for \$1,510,000 of State Revolving Fund loan (SRF) for Phase II of the water treatment facility improvements. The loan is for 3.5% for twenty (20) years and repayment started in July 2004. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due. The final payment for this loan was in July, 2024.

On January, 2006 the City entered into a loan agreement with the South Dakota conservancy District for \$3,772,500 of State Revolving Fund Loan (SRF) for Phase III of the water treatment facility improvements. The loan is 2.50% for twenty (20) years, repayment started in January 2008. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

On September 30, 2008 The City entered into a loan with the South Dakota Conservancy District for \$4,851,000 of State Revolving Fund Loan (SRF) for Phase II of the Wastewater facility improvements. The loan is for 3.25% for twenty (20) years with repayment started July 2010. The

Notes to Financial Statements

Note 5 – Long-Term Liabilities (Continued)

contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

On September 2, 2009 the City entered into a loan with the South Dakota Conservancy District for \$499,000 of State Revolving Fund Loan (SRF) for upgrades to the wastewater collection system, consisting of the cured in place lining of existing sewer mains and pipe bursting replacement of existing sewer mains. The District will forgive the repayment 50% of the principal amount of the loan as a grant by the American Recovery and Reinvestments Act of 2009. The loan is 2.50% for twenty (20) years with repayment starting June 2010. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

On May 15, 2013, the City entered into a \$1,532,000 loan with the South Dakota Conservancy District of State Revolving Fund Loan (SRF) funds for construction of a new water tower. The loan is for 2.25% for twenty (20) years with repayment started in April 2014. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

On June 28, 2013, the City entered into a loan with the South Dakota Conservancy District for \$1,639,000 of State Revolving Fund Loan (SRF) for improvements at the solid waste landfill facility. The loan is for 3.0% for twenty (20) years with repayment started in May of 2015. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

On December 6, 2016, the city issued up to \$812,000 loan with the South Dakota Conservancy District of State Revolving Fund Loan (SRF) funds to replace the Prentis Street sanitary sewer lift station and related sewer mains. Drawdown on the loan totaled \$751,900. The loan is for 3.0% for twenty (20) years with repayment started May 15, 2019. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

On May 12, 2021, the City entered into a loan with the South Dakota Conservancy District for \$500,000 of State Revolving Fund Loan (SRF) for storm water management system improvements. The loan is for 1.5% for twenty (20) years with repayment starting April 2022. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

On April 26, 2021, The City entered into a loan with the South Dakota Conservancy District of State Revolving Fund Loan (SRF) funds to add Cell 6 for the Joint Powers Landfill. The drawdown on the loan totaled \$1,292,810. The loan is for 1.875% for ten (10) years with repayment starting October 1, 2024. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

On October 17, 2023, the City entered into a loan with the South Dakota Conservancy District of State Revolving Fund Loan (SRF) funds to add a Leachate Pond for the Joint Powers Landfill. The drawdown on the loan totaled \$1,043,199. The loan is for 2% for years with repayment to start in 2024. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

On October 31, 2024, the City entered into a loan with the South Dakota Conservancy District of State Revolving Fund Loan (SRF) funds to Improve the Water Facility. The drawdown on the loan totaled \$1,203,887 in 2024 with anticipation of expending \$7,000,000. The loan is for 2.75% for years with repayment to start in 2027. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

Notes to Financial Statements

Note 5 – Long-Term Liabilities (Continued)

Revenue Bond Payable

On January 17, 2013, the City entered into a current refunding of the State Revolving Fund loan, Wastewater System Revenue Bond, Series 2005 in the amount of \$2,481,847 by issuing Wastewater Refunding Bond Series 2013 in the amount of \$2,550,000. The refunding will reduce the total debt payments over fourteen (14) years by \$146,034 and obtain an economic gain of \$146,034. The 2013 refunding bond has a variable rate from 1.55%-2.45% for fourteen (14) years with repayment started in July 2013. The contract includes a provision that in the event of default, all or a portion of the outstanding balance may become immediately due.

On January 26, 2017, the City issued a \$3,895,000 Electric Surcharge Bond at a premium of \$99,121 with the proceeds to be used for the NE Substation construction and related transmission line. The interest rate on the bond varies from 1.85% to 4% with final payment due December 1, 2036. The repayment began June 2017. The contract includes a provision that in the event of default, the beneficiaries may take whatever action at law may appear necessary or appropriate to enforce performance and observance of any agreement or covenant.

On September 12, 2020 the Municipality issued \$3,315,000 in Electric Revenue Current Refunding Bonds at a premium of \$65,951, to refund the Taxable Electric Revenue Bonds, Series 2009B with the principal outstanding of \$5,625,000 and interest rates ranging from 5.6% to 6.25%. The refunding included a contribution of \$2,000,000 from electric utility funds. The original bond proceeds were used for electric utility facilities consisting of the construction of approximately twenty (20) miles of 115kV electric transmission line, the expansion of the Western Area Power Administration Spirit Mound 115kV substation bus work, modification of the City of Vermillion substation 115kV bus work, and related improvements. A surcharge fee was established on the electric sales to repay the bonds with the first payment paid in June 2010. The refunding bonds interest rate ranges from 1.45% to 3.00% and matures on December 1, 2028. The Municipality refunded the debt to reduce its total debt service payments over the next seventeen years by \$1,815,803 and to obtain an economic gain of \$1,022,210. The contract includes a provision that in the event of default, the beneficiaries may take whatever action at law may appear necessary or appropriate to enforce performance and observance of any agreement or covenant.

TIF Bonds — (Direct Borrowing)

On December 19, 2013, the City issued a new TIF Incremental Revenue Bond in the amount of \$1,732,000 for the development of Tax Incremental District Number Six – Bliss Pointe Development. The bonds have an interest rate of 3.5% that adjusts every 5 years to the 20-year Treasury note plus 50 basis points but may not be adjusted greater than 1% per adjustment nor above 5.5%. The interest rate was adjusted December 15, 2018 to 3.53%. All tax increment payments received will be used to pay down the debt as it becomes available to the City. The bond provides for principal payments to be made semiannually when there is excess tax investment to interest due. In the event of default, the bond shall be a special and limited obligation of the city and only Tax Increments shall be used to pay the principal and interest on the bond. This bond was paid off in 2024.

On June 15, 2021, the City issued a new TIF Incremental Revenue Bond in the amount of \$1,980,000 for the development of Tax Incremental District Number Seven – Bliss Pointe II Development. The bonds have an interest rate of 2.64% that adjusts every 5 years to the 20-year Treasury note plus 50 basis points but may not be adjusted greater than 1% per adjustment nor above 5.5%. All tax increment payments received will be used to pay down the debt as it becomes available to the City. The bond provides for principal payments to be made semiannually when there is excess tax investment to interest due. In the event of default, the bond shall be a special and limited obligation of the city and only Tax Increments shall be used to pay the principal and interest on the bond.

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Notes to Financial Statements

Note 5 – Long-Term Liabilities (Continued)

General Obligation Bonds

On March 29, 2016, the City issued \$3,005,000 general obligation bonds at a premium of \$90,132 with the proceeds to be used for capital improvements in Prentis Park for a new pool and other park improvements. The interest rate on the bonds varies from 1% to 3.5% with final payment due December 31, 2035. The City Council has pledged to use funds from the malt beverage markup and second penny sales tax for the repayment instead of property taxes. Repayment started in December 2016.

A detail of bonds outstanding follows:

Purpose	Interest Rate	Maturity Date	Amounts
Governmental Activities:			
TIF 7 Incremental Revenue Bonds	2.64%	06/15/2037	\$ 1,784,719
General Obligation Bonds, Series 2016	1.00%-3.50%	12/01/2035	1,836,274
Stormwater SRF Loan	1.50%	01/01/2042	437,548
			<u>\$ 4,058,541</u>
Business-Type Activities:			
Electric Revenue Bond, Series 2019	1.45%-3.00%	12/01/2028	\$ 1,510,000
Electric Surcharge Bond, 2016	1.85%- 4.00%	12/01/2036	2,646,928
Wastewater System Revenue Bond, Series 2008 (SRF)	3.25%	09/01/2030	1,460,268
Wastewater System Revenue Bond, Series 2009 (SRF)	2.50%	01/01/2031	91,031
Wastewater System Revenue Refunding Bond, Series 2013	1.55%-2.45%	07/01/2026	425,000
Wastewater System Revenue Bond, Series 2017 (SRF)	3.00%	02/15/2039	579,554
Joint Powers Revenue Bond 2013 (SRF)	3.00%	02/15/2035	961,173
Joint Powers Landfill cell 6 & 7 (SRF)	1.875%	07/01/2033	1,113,963
Joint Powers Landfill Leachate Pond 2 (SRF)	2.000%	07/01/2035	1,043,199
Water Utility Bond, Series 2006 (SRF)	2.50%	01/01/2028	679,102
Water Utility Bond, Series 2013 (SRF)	2.25%	01/01/2034	661,925
Water Utility Bond, Series 2024 (SRF)	2.75%	01/01/2044	1,203,887
Total Business-Type Activities			<u>\$ 12,376,030</u>

Bond debt service requirements to maturity are as follows:

Government						
Notes from Direct Borrowing						
Year Ending December 31	Bond		and Direct Placements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 140,000	\$ 55,315	\$ 40,538	\$ 52,401	\$ 180,538	\$ 107,716
2026	145,000	52,725	91,845	53,232	236,845	105,957
2027	150,000	48,375	139,883	50,617	289,883	98,992
2028	155,000	43,875	194,729	46,683	349,729	90,558
2029	160,000	39,225	201,916	41,608	361,916	80,833
2030-2034	865,000	120,975	1,124,938	125,075	1,989,938	246,050
2035-2039	190,000	6,650	361,269	17,107	551,269	23,757
2040-2044	-	-	67,149	1,679	67,149	1,679
Total	<u>\$ 1,805,000</u>	<u>\$ 367,140</u>	<u>\$ 2,222,267</u>	<u>\$ 388,402</u>	<u>\$ 4,027,267</u>	<u>\$ 755,542</u>
Enterprise						
Notes from Direct Borrowing						
Year Ending December 31	Bond		and Direct Placements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 755,000	\$ 137,839	\$ 647,766	\$ 134,339	\$ 1,402,766	\$ 272,178
2026	770,000	125,653	845,381	144,290	1,615,381	269,943
2027	570,000	105,685	894,371	154,365	1,464,371	260,050
2028	580,000	90,485	740,640	131,344	1,320,640	221,829
2029	205,000	74,600	700,924	112,143	905,924	186,743
2030-2034	1,140,000	244,199	2,179,688	347,770	3,319,688	591,969
2035-2039	520,000	31,400	670,139	182,629	1,190,139	214,029
2040-2044	-	-	497,473	114,918	497,473	114,918
2045-2049	-	-	242,799	68,374	242,799	68,374
2050-2054	-	-	260,366	34,954	260,366	34,954
2055-2056	-	-	114,555	3,572	114,555	3,572
Total	<u>\$ 4,540,000</u>	<u>\$ 809,861</u>	<u>\$ 7,794,102</u>	<u>\$ 1,428,698</u>	<u>\$ 12,334,102</u>	<u>\$ 2,238,559</u>

Notes to Financial Statements

Note 5 – Long Term Liabilities (Continued)

The Governmental General Obligation Bonds and Electric Surcharge Bonds are shown net of unamortized premium \$31,274 and \$41,928 respectively on the Statement of Net Position.

Closure/Postclosure Liability

State and federal laws and regulations require the City of Vermillion to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City of Vermillion reports a portion of these closure and postclosure care costs as an operating expense in each period based upon landfill capacity used as of each balance sheet date. The conversion balefill operations extended the useful life of the landfill due to the higher compaction and less cover.

The landfill permit was amended in 2013 to expand the permitted area as well as increase the final elevation and increase the depth of future cells. The permit amendment was approved by the SD Department of Environment and Natural Resources which increases the estimated capacity and extends the landfill life.

The \$575,164 reported as landfill closure and post closure care liability at December 31, 2024, represents the cumulative amount reported to date based on the use of 28.42 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$1,448,528 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2024. The City expects to close the landfill in the year 2076. Actual cost may be higher due to inflation, changes in technology, or changes in regulation. The City reports the closure and postclosure care funds as restricted assets on the balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earning is inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenues.

The Municipality is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post closure care. The City is in compliance with these requirements; and these are reported as restricted assets on the statement of net position.

Lease Agreements

On March 14, 2022, the City signed a five-year lease as lessee for the use of a postage machine. The agreement requires quarterly payments of \$179 at a rate of 1.64%. As of December 31, 2024, the City reported a lease liability of \$1,749. During the fiscal year, the City paid principal of \$680 and interest of \$36.

On October 14, 2019, the City signed a five-year lease as lessee for the use of a postage machine. The agreement requires quarterly payments of \$234 at a rate of 1.22%. During the fiscal year, the City paid principal of \$698 and interest of \$4. This lease ended in 2024.

On August 6, 2024 the city signed a five-year lease as lessee for the use of a postage machine. The agreement requires monthly payments of \$90 at a rate of 1.22%. As of December 31, 2024, the city reported a lease liability of \$4,977. During the fiscal year, the City paid principal of \$259 and interest of \$11.

On April 1, 2019, the City signed three separate five-year leases for the use of golf carts. The agreements require monthly payments of \$6,623 from June through October of each year at rates ranging from 4.88% to 7.10%. During the fiscal year, the City paid principal of \$6,410 and interest of \$213. This lease ended in 2024.

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Notes to Financial Statements

Note 5 – Long Term Liabilities (Continued)

On July 1, 2024, the City signed three separate five-year leases for the use of golf carts. The agreements require monthly payments of \$13,542 from June through October of each year at a rate of 6.080%. As of December 31, 2024, the City reported a lease liability of \$303,963. During the fiscal year, the City paid principal of \$35,644 and interest of \$4,981.

On October 23, 2014, the City signed a five-year lease as lessee for the use of the liquor store. The City has the option to renew for 1 additional 5-year period on the same terms. The agreement requires monthly payments of \$938 at a rate of 1.86%. During the fiscal year, the City paid principal \$11,138 and interest of \$112. This lease ended in 2024.

The remaining obligations associated with these leases is as follows:

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 1,715	\$ 80	\$ 1,795	\$ 63,285	\$ 17,968	\$ 81,253
2026	1,739	56	1,795	67,242	14,012	81,254
2027	1,405	32	1,437	71,446	9,808	81,254
2028	1,062	17	1,079	75,913	5,341	81,254
2029	805	4	809	26,077	1,007	27,084
	<u>\$ 6,726</u>	<u>\$ 189</u>	<u>\$ 6,915</u>	<u>\$ 303,963</u>	<u>\$ 48,136</u>	<u>\$ 352,099</u>

Changes in Long-Term Liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowings and Direct Placements (Bonds)	\$ 2,864,454	\$ -	\$ 642,187	\$ 2,222,267	\$ 40,538
Direct Borrowings and Direct Placements (Notes)	955,000	-	315,000	640,000	315,000
General Obligation	1,945,000	-	140,000	1,805,000	140,000
Unaccrued Bond Premium	36,890	-	5,616	31,274	-
Lease Agreements	3,127	5,236	1,637	6,726	1,715
Accrued Leave Payable	<u>510,298</u>	<u>247,305</u>	<u>247,323</u>	<u>510,280</u>	<u>246,281</u>
Governmental Activities Long-Term Liabilities	<u>\$ 6,314,769</u>	<u>\$ 252,541</u>	<u>\$ 1,351,763</u>	<u>\$ 5,215,547</u>	<u>\$ 743,534</u>
Business-Type Activities:					
Revenue Bond Payable	\$ 5,275,000	\$ -	\$ 735,000	\$ 4,540,000	\$ 755,000
Unaccrued Bond Premium	51,791	-	9,863	41,928	-
Direct Borrowings and Direct Placements (Bonds)	7,406,214	1,203,887	815,999	7,794,102	647,766
Direct Borrowings and Direct Placements (Notes)	22,729	-	22,729	-	-
Closure/Postclosure Liability	493,139	82,025	-	575,164	-
Lease Agreements	17,548	339,607	53,192	303,963	63,285
Accrued Leave Payable	<u>409,688</u>	<u>272,333</u>	<u>241,874</u>	<u>440,147</u>	<u>260,617</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 13,676,109</u>	<u>\$ 1,897,852</u>	<u>\$ 1,878,657</u>	<u>\$ 13,695,304</u>	<u>\$ 1,726,668</u>

For governmental activities, accrued leave payables are generally liquidated by the general fund, the revenue bonds will be repaid by the tax incremental property taxes, the city hall note payable will be paid out of the sales tax fund. The General Obligation bond will be repaid by general fund malt beverage markup and second penny sales tax. Lease agreements will be paid by the general fund.

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Notes to Financial Statements

Note 6 – Lease Receivables

The City has entered into lease agreements as the lessor for several noncancellable leases. The receivable balances of these agreements as of December 31, 2024 is as follows:

	Governmental Activities	Business-Type Activities	Total
Old Library Lease	\$ 5,951	\$ -	\$ 5,951
Recycling Center Tower Lease	34,932	-	34,932
4-H Ground Tower Lease	175,414	-	175,414
Mockler Land Lease	-	-	-
Mockler Tower Lease	-	11,178	11,178
	<u>\$ 216,297</u>	<u>\$ 11,178</u>	<u>\$ 227,475</u>

On January 18, 2022, the City of Vermillion entered into a one-year lease agreement as lessor for the use of the old library building; however, lessee had the option to extend on the same terms for an additional 3 years. The lessee is required to make fixed monthly payments of \$500 at an interest rate of 1.51%. During the fiscal year, the City recognized lease and interest revenue of \$5,826 and \$130, respectively.

On November 2, 2021, the City of Vermillion entered into a three-year lease agreement as lessor for the use of the Mockler land. The lessee is required to make annual fixed payments of \$72,680 at an interest rate of 1.33%. During the fiscal year, the City recognized lease and interest revenue of \$71,778 and \$241, respectively. The lease receivable balance is zero due to receiving the final payment in April of 2024 but the lease runs through February of 2025, therefore there is still a deferred inflows balance at December 31, 2024.

On November 4, 2014, the City of Vermillion entered into a five-year lease agreement as lessor for the use of the 4-H ground tower; however, the lessee had the option to extend for 5 additional 5-year periods with rate increases of 110% at each renewal. The lessee is required to make fixed monthly payments of \$770 at an interest rate of 2.87%. During the fiscal year, the City recognized lease and interest revenue of \$8,237 and \$5,093, respectively.

On September 1, 2000, the City of Vermillion entered into a five-year lease agreement as lessor for the use of the recycling center's tower; however, the lessee has the option to extend for 5 additional 5-year periods with rate increases of 110% at each renewal. The lessee is required to make fixed monthly payments of \$512 at an interest rate of 2.87%. During the fiscal year, the City recognized lease and interest revenue of \$5,750 and \$1,070, respectively.

On October 31, 1991, the City of Vermillion entered into a 5-year lease agreement as lessor for the use of the Mockler tower; however, the lessee has the option to extend for 7 additional 5-year periods. The lessee is required to make annual fixed payments of \$2,057 at an interest rate of 2.87%. Each year, the payment is indexed for changes in the Consumer Price Index (CPI)—changes that are not reflected in the ending lease receivable or deferred inflow. During the fiscal year, the City recognized lease and interest revenue of \$1,874 and \$325, respectively.

A summary of the remaining lease receivable principal and interest payments to maturity is as follows:

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Notes to Financial Statements

Note 6 – Lease Receivables (continued)

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 16,570	\$ 5,949	\$ 22,519	\$ 1,732	\$ 325	\$ 2,057
2026	11,344	5,584	16,928	1,782	275	2,057
2027	11,674	5,254	16,928	1,834	223	2,057
2028	12,014	4,914	16,928	1,888	170	2,058
2029	12,533	4,565	17,098	1,943	115	2,058
2030-2034	41,921	18,677	60,598	1,999	58	2,057
2035-2039	49,255	12,443	61,698	-	-	-
2040-2044	60,986	4,401	65,387	-	-	-
	<u>\$ 216,297</u>	<u>\$ 61,787</u>	<u>\$ 278,084</u>	<u>\$ 11,178</u>	<u>\$ 1,166</u>	<u>\$ 12,344</u>

Note 7 – Deficit Fund Equity

As of December 31, 2024, the following funds had deficit fund equity in the amount of:

Debt Service Funds:	
TIF District No. 6 Bonds	\$ 143,429
TIF District No. 7 Bonds	75,910
TIF District No. 9 Bonds	700,860
	<u>\$ 920,199</u>

The deficit in TIF District No. 6, 7, and 9 bond fund will continue until TIF revenues are sufficient to cover the deficit. The second penny sales tax fund will advance the funds needed and will be repaid following the payment of the TIF bonds.

Note 8 – Transfers

The following is a summary of transfers between funds:

	Governmental Fund Types				Business-Fund Type		Total Transfers Out
	General	Sales Tax	Jack Powel Capital Projects	Special Assessment Projects	Nonmajor Governmental Funds	Golf	
General	\$ -	\$ -	\$ 300,000	\$ 1,735,266	\$ 663,818	\$ -	\$ 2,699,084
Sales Tax	-	-	369,903	-	418,413	43,063	831,379
Electric	98,1834	-	-	-	-	-	981,834
Water	29,583	-	-	-	-	-	29,583
Wastewater	28,679	-	-	-	-	-	28,679
Liquor	337,676	-	-	-	-	-	337,676
Nonmajor							
Governmental Funds	6,293	64,876	1,182,528	-	-	-	1,253,697
Total Transfers In	<u>\$ 1,384,065</u>	<u>\$ 64,876</u>	<u>\$ 1,852,431</u>	<u>\$ 1,735,266</u>	<u>\$ 1,082,231</u>	<u>\$ 43,063</u>	<u>\$ 6,161,932</u>

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.
3. During fiscal year 2024, government funds paid \$351,761 of enterprise capital asset additions which is recorded as contributed capital revenue in the enterprise funds. On the Statement of Activities, this amount is reclassified as transfers between governmental and business-type activities, reducing Capital Grants and Contributions and increasing Interfund Transfer by \$351,761.

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Notes to Financial Statements

Note 9 – Restricted Net Position

Restricted Net Position for the year ended December 31, 2024 was as follows:

Major Purposes:

BBB Sales - Enabling Legislation	\$	676,118	
Debt Service – External Creditors		2,874,290	
Stormwater – Enabling Legislation		849,755	
Library – Enabling Legislation		91,338	
Business Improvement District – Enabling Legislation		30,000	
Total Major Purposes			\$ 4,521,501

Other Purposes:

Parks Capital	\$	16,007	
Landfill closure postclosure		14,898	
SDRS Pension		10,407	
Total Other Purposes			41,312

Total Restricted Net Position			<u>\$ 4,562,813</u>
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Note 10 – Risk Management

The municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2024, the municipality managed its risks as follows:

Employee Health Insurance:

The municipality purchases health insurance for its employees from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The Municipality joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Municipality's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the Municipality. The Municipality pays a Members' Annual Operating Contribution, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The Municipality pays an annual premium to the pool to provide coverage for: general liability, property, inland marine, automobile liability, official's liability, law enforcement liability, boiler, and liquor liability coverage.

The Municipality carries a \$5,000 deductible for the official's liability; \$3,000 deductible for law enforcement liability coverage; zero deductible for general liability; \$1,000 deductible for buildings, contents, miscellaneous property and EDP hardware; automobile liability with \$100 deductible for comprehensive and \$500 deductible for auto collision and liquor liability coverage.

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

Workmen's Compensation:

The municipality has been unable to obtain workmen's compensation coverage at a cost it considered to be economically justifiable. The Municipality joined the South Dakota Municipal League Worker Compensation Fund, a public entity risk pool currently operating as a common risk

Notes to Financial Statements

Note 10 – Risk Management (continued)

management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Municipality's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The Municipality pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The municipality does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Unemployment Insurance:

The municipality has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. The municipality has equity in the unemployed insurance fund in the amount of \$11,191 for the payment of future unemployment benefits. During the current year ended December 31, 2024, the City paid \$823 in unemployment benefits. No material claims are anticipated in the next fiscal year.

The City does not have any changes in employment practices or elimination of any positions currently held.

Note 11 – 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. Authority for establishing, administering, and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B 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

Notes to Financial Statements

Note 11 – Pension Plan (continued)

safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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 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 or equal to the accrued liabilities.

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

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

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 Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2024, 2023, and 2022, equal to required contributions each year, were as follows:

<u>Year</u>		<u>Amount</u>
2024	\$	451,877
2023	\$	423,881
2022	\$	392,768

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Notes to Financial Statements

Note 11 – Pension Plan (continued)

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

At June 30, 2024, SDRS is 100.0% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the Municipality as of this measurement period ending June 30, 2024 and reported by the Municipality as of December 31, 2024 are as follows:

Proportionate share of total pension liability	\$38,355,150
Less Proportionate share of new Position	
Restricted for pension benefits	<u>\$38,365,557</u>
Proportionate share of net pension asset	<u>(\$10,407)</u>

At December 31, 2024, the Municipality reported an asset of (\$10,407) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024 and the total pension asset used to calculate the net pension asset was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the Municipality's proportion was 0.257102%, which is a decrease of -0.005467% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Municipality recognized pension expense of \$273,693. At December 31, 2024 the Municipality 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.	\$ 963,734	\$ -
Changes in assumption.	171,588	1,307,939
Net Difference between projected and actual earnings on pension plan investments.	392,022	-
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	32,619	3,141
Municipality contributions subsequent to the measurement date.	248,035	-
TOTAL	\$ <u>1,807,998</u>	\$ <u>1,311,080</u>

\$248,035 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

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Notes to Financial Statements

Note 11 – Pension Plan (continued)

Year Ending December 31:		
2025	\$	(349,022)
2026		511,143
2027		54,742
2028		<u>32,020</u>
Total	\$	<u>248,883</u>

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

Mortality Rates

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

**City of Vermillion
Annual Comprehensive Financial Report
December 31, 2024**

Notes to Financial Statements

Note 11 – Pension Plan (continued)

(expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	100%	

Discount Rate:

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

Sensitivity of liability (asset) to changes in the discount rate:

The following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50 percent, as well as what the Municipality'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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's Proportionate Share of the Net Pension liability (asset)	\$ 5,288,490	\$ (10,407)	\$ (4,346,556)

Pension Plan Fiduciary Net Position:

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

Notes to Financial Statements

Note 12 - Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in South Dakota Codified Law chapter 11-9. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers as an economic development grant. No other commitments were made by the City as part of these agreements.

For the year ended December 31, 2024, the City abated \$21,181 of property tax under the urban renewal and economic development projects.

The city also entered into agreements with two developers pursuant to the provisions of the South Dakota Codified Law chapter 9-54 and 9-12-11, where after the developer meets the terms of the agreement, the City will rebate a portion of the municipal retail occupation sales and service tax received by the City from said location.

For the year ended December 31, 2024, the City abated \$101,506 of municipal retail occupation sales and service tax under said agreements.

Note 13 – Economic Development Agreements

The City has entered into a development agreement for an economic development project. The agreement required the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation, and development of commercial project by the developer. The total to be paid by the City under the agreements is not to exceed \$1,475,677 principal with interest at a rate not to exceed 3.36 percent. During the year ended December 31, 2024, the City rebated \$101,466 of incremental property tax to the developer, which was applied to interest that was accrued during the year of \$46,583 and \$54,883 of principal. The outstanding balance on the agreement at December 31, 2024 was \$1,392,768.

Note 14 – Commitments

The agreements are not obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements.

The Vermillion Chamber of Commerce and Development Company (VCDC) in 2009 conducted a capital campaign titled Vermillion NOW!. Since 2009 the Vermillion NOW! 1 & 2 have been completed. In 2020 the VCDC started the third capital campaign titled Vermillion NOW! 3 with a goal of \$1,725,000 and has pledges of \$2,014,552 on November 3, 2019. The City Council pledged \$550,000 to the capital campaign with a payment of \$60,000 in 2020, \$60,000 in 2021, \$60,000 in 2022, \$60,000 in 2023 and \$60,000 in 2024. In 2024 the VCDC started a new campaign labeled Grow Vermillion with a goal of \$1,500,000 and the City Council pledged \$500,000 to the capital campaign.

In 2018, the City pledged \$100,000 per year for seven years to the National Music Museum for renovations. The first \$100,000 payment was made in 2019, with the final payment to be made in 2025.

In 2023, the City pledged \$800,000 to the University of South Dakota for the construction of a Wellness Center Pool. This pledge is from a sales tax rebate and a contributions through 2028.

Notes to Financial Statements

Note 15 – Violation of Finance – Related Legal Requirements

The City is prohibited by statute from spending in excess of the appropriated amounts at the department level. The General Fund shows \$1,378 and \$40 of principal and interest respectively, for payment related to lease liabilities. These were budgeted in the Financial Administration department where spending did not exceed the appropriate amounts. The following represents the over drafts of the expenditure compared to appropriations:

	Year End <u>12/31/2024</u>
General Fund:	
Health and Welfare	
Ambulance	\$ 23
Special Revenue Fund:	
Health and Welfare	
Sales Tax	\$ 2,246

Note 16 – Contingency

The City receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially, all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of December 31, 2024, the City estimates that no material liabilities will result from such audits.

Note 17 – Correction of Error

During the current year, it was determined that due from other governments was overstated on prior year financial statements. To correct this error, the beginning fund balance in the General Fund and the beginning net position in the Governmental Activities decreased by \$48,608.

Note 18 – Subsequent Events

On June 17th 2024, the City signed a new lease agreement as the lessee to lease the liquor store starting January 1st, 2025 running through December 31, 2035. This new lease agreement has an interest rate of 1.86% and will create a right-to-use asset of \$412,184 and a corresponding lease liability in the same amount.

On October 4th, 2024, the City signed a new lease agreement as the lessor of the Mockler Land starting March 1st, 2025 and ending February 28, 2025. This new lease agreement has an interest rate of 1.33% and will create a lease asset of \$209,031 and a corresponding deferred inflows in the same amount.

On March 30, 2023 the Board of Water and Natural Resources approved a \$23,100,000 Clean Water State Revolving Fund loan for the Wastewater Treatment Facility Upgrade project. The terms of the loan at 3.25% for 30 years. This project was bid in July of 2025 with the first draw anticipated for December 2025.

Note 19 – Change in Accounting Principle

During fiscal year 2024, the City implemented the provisions of Governmental Accounting Standards Boards (GASB) Statement No. 101, Compensated Absences, which updated the accounting and financial reporting guidance for compensated absences, including accrued sick leave. Adoption did not have a material effect on the City's financial statements; therefore, no adjustments to beginning net position/fund balance or current-period balances were recorded.



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REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

In accordance with the Governmental Accounting Standards Statements No. 25, No. 27, No. 34, and No. 68 and the following information is a required part of the general purpose financial statements.

CITY OF VERMILLION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	Amended Budget Favorable (Unfavorable)
Revenue:				
Taxes:				
General Property Taxes	\$ 2,977,300	\$ 2,977,900	\$ 2,962,138	\$ (15,762)
General Sales & Use Taxes	2,375,900	2,800,000	2,847,019	47,019
Penalties & Interest on Delinquent Taxes	4,500	4,500	4,670	170
Licenses & Permits:	309,000	349,050	332,469	(16,581)
Intergovernmental Revenue:	917,600	2,103,240	2,030,600	(72,640)
Charges for Goods & Services:	862,000	904,045	760,054	(143,991)
Fines & Forfeits:	41,000	48,000	34,111	(13,889)
Special Assessments	-	346	598	252
Investment Earnings	85,000	271,643	299,233	27,590
Rentals	22,500	22,500	17,348	(5,152)
Contributions & Donations from Private Sources	16,000	16,000	63,419	47,419
Other	228,000	219,500	208,668	(10,832)
Total Revenue	7,838,800	9,716,724	9,560,327	(156,397)
Expenditures:				
Current:				
General Government:				
Executive	744,442	830,469	790,284	40,185
Financial Administration	209,530	248,064	220,472	27,592
Other	769,478	771,293	674,471	96,822
Total General Government	1,723,450	1,849,826	1,685,227	164,599
Public Safety:				
Police	2,253,498	2,280,145	1,945,079	335,066
Fire	496,849	556,089	504,737	51,352
Other Protection	2,200	2,200	488	1,712
Total Public Safety	2,752,547	2,838,434	2,450,304	388,130
Public Works:				
Highways & Streets	1,054,760	1,046,712	850,099	196,613
Sanitation	169,858	170,487	157,147	13,340
Airport	90,067	97,567	92,278	5,289
Total Public Works	1,314,685	1,314,766	1,099,524	215,242
Health and Welfare:				
Health	276,140	303,476	253,489	49,987
Ambulance	765,564	816,879	816,902	(23)
Total Health and Welfare	1,041,704	1,120,355	1,070,391	49,964
Culture-Recreation:				
Recreation	631,942	710,355	694,373	15,982
Parks	492,807	522,819	502,927	19,892
Libraries	700,318	725,882	686,535	39,347
Armory	57,110	55,492	44,571	10,921
Total Culture-Recreation	1,882,177	2,014,548	1,928,406	86,142
Conservation and Development:	109,100	227,345	119,321	108,024
Total Current Expenditures	8,823,663	9,365,274	8,353,173	1,012,101
Capital Outlay:				
Fire	-	-	45,385	(45,385)
Health	-	-	20,765	(20,765)
Libraries	-	-	11,432	(11,432)
Total Capital Outlay	-	-	77,582	(77,582)
Total Expenditures	8,823,663	9,365,274	8,430,755	934,519
Debt Service				
Principal	-	-	1,378	(1,378)
Interest	-	-	40	(40)
Total Debt Service	-	-	1,418	(1,418)
Other Financing Sources (Uses):				
Operating Transfers In	1,380,235	1,366,924	1,384,065	17,141
Operating Transfers Out	(1,442,778)	(3,224,981)	(2,699,084)	525,897
Total Other Financing Sources (Uses)	(62,543)	(1,858,057)	(1,315,019)	543,038
Net Change in Fund Balances	(1,047,406)	(1,506,607)	(186,865)	1,319,742
Fund Balance -beginning	6,949,729	6,949,729	6,949,729	-
Correction of Error	-	-	(48,608)	(48,608)
Adjusted Fund Balance - beginning	6,949,729	6,949,729	6,901,121	(48,608)
Change in Inventory	-	-	(546)	(546)
Fund Balance - ending	\$ 5,902,323	\$ 5,443,122	\$ 6,713,710	\$ 1,270,588

CITY OF VERMILLION
MAJOR SPECIAL REVENUE FUNDS
SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	Favorable (Unfavorable)
REVENUES				
Taxes:				
General sales & use taxes	\$ 2,373,000	\$ 2,800,000	\$ 2,847,659	\$ 47,659
Intergovernmental Revenue				
State Grant	23,200	15,742	22,500	6,758
Miscellaneous revenue:				
Interest earned	20,000	235,000	234,811	(189)
Contributions & Donation:				
from Private Sources	-	8,000	11,550	3,550
Total revenue	<u>2,416,200</u>	<u>3,058,742</u>	<u>3,116,520</u>	<u>57,778</u>
EXPENDITURES				
Current:				
Public safety	833,000	327,000	62,105	264,895
Public works	343,900	346,900	172,252	174,648
Health and welfare	99,500	108,650	15,360	93,290
Culture-recreation	161,000	941,500	12,971	928,529
Conservation & development	250,000	359,000	250,753	108,247
Total current exp	<u>1,687,400</u>	<u>2,083,050</u>	<u>513,441</u>	<u>1,569,609</u>
Capital Outlay:				
Public safety	-	-	257,069	(257,069)
Public works	-	-	86,038	(86,038)
Culture & Rec	-	-	201,206	(201,206)
Health and welfare	-	-	95,536	(95,536)
Total capital outlay	<u>-</u>	<u>-</u>	<u>639,849</u>	<u>(639,849)</u>
Total expenditures	<u>1,687,400</u>	<u>2,083,050</u>	<u>1,153,290</u>	<u>929,760</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	45,000	45,000	64,876	19,876
Transfers out	(1,002,798)	(1,737,857)	(831,379)	906,478
Total other financing sources (uses)	<u>(957,798)</u>	<u>(1,692,857)</u>	<u>(766,503)</u>	<u>926,354</u>
Net change in fund balance	(228,998)	(717,165)	1,196,727	1,913,892
Fund balance - beginning	5,324,199	5,324,199	5,324,199	-
Fund balance - ending	<u>\$ 5,095,201</u>	<u>\$ 4,607,034</u>	<u>\$ 6,520,926</u>	<u>\$ 1,913,892</u>

CITY OF VERMILLION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY
REPORTING
DECEMBER 31, 2024

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the governing board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the governing board, the operating budget of the general fund, the special revenue funds, and the capital projects fund is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the governing board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of a supplemental budget. In September and December 2024, the City Council adopted a supplemental appropriation ordinance that included reductions in the previously budgeted amounts as a result of changes since the budget was adopted in September 2023. The following supplemental budgets were adopted by the governing board during the year.

General Fund

Expenditures:

General Government	\$ 126,376
Public Safety	85,887
Public Works	81
Health and Welfare	78,651
Culture-Recreation	132,371
Conservation & Development	118,245
Transfers Out	1,782,203

Special Revenue Fund

Sales Tax Fund

Expenditures:

Public Safety	(506,000)
Public Works	3,000
Health and Welfare	9,150
Culture-Recreation	780,500
Conservation & Development	109,000
Transfers Out	735,059

5. Unexpended appropriations lapse at year-end. The procedure used by the city is to adopt a supplemental appropriation ordinance during the following year by the council to provide additional funds for certain purchase commitments outstanding at year-end. Any transfers of budgeted amounts between departments of the General fund, transfers between other funds, and any revision that alters the total expenditure of any department or fund must be approved by the City Council. This is the legal level of control.

CITY OF VERMILLION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY
REPORTING
DECEMBER 31, 2024

-
6. Formal budgetary integration is employed as a management control device during the year for the General, Capital Projects and Special Revenue funds.

Formal budgetary integration is not employed for Debt Service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

7. Budgets for the General, Capital Projects and Special Revenue funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

Encumbrances-Encumbrances carry over from one year to the next unless canceled by the City. These encumbrances are charged against the new year's budget until a supplemental appropriation ordinance is adopted as described in #5 above.

8. GAAP/Budgetary Accounting Basis Differences-The financial statements prepared in conformity with U.S. GAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they are related.

CITY OF VERMILLION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	2020	2021	2022	2023	2024
Municipality's proportion of the net pension liability (asset)	0.2905081%	0.2907060%	0.2683020%	0.2625690%	0.2571020%
Municipality's proportionate share of net pension liability (asset)	\$ (13)	\$ (2,226)	\$ (25)	\$ (26)	\$ (10)
Municipality's covered payroll	\$ 5,856	\$ 6,093	\$ 5,932	\$ 6,306	\$ 6,710
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-0.22%	-36.53%	-0.42%	-0.41%	-0.15%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.04%	105.53%	100.10%	100.10%	100.00%
	2015	2016	2017	2018	2019
Municipality's proportion of the net pension liability (asset)	0.3017811%	0.2876335%	0.2853439%	0.2822192%	0.2884550%
Municipality's proportionate share of net pension liability (asset)	\$ (1,280)	\$ 972	\$ (26)	\$ (7)	\$ (30)
Municipality's covered payroll	\$ 5,130	\$ 5,109	\$ 5,390	\$ 5,428	\$ 5,648
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-24.95%	19.03%	-0.48%	-0.13%	-0.53%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.1%	96.9%	100.1%	100.02%	100.09%

Notes to the Schedule:

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

CITY OF VERMILLION
SCHEDULE OF THE CITY CONTRIBUTIONS
South Dakota Retirement System
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2024	2023	2022	2021	2020
Contractually required contribution	\$ 452	\$ 424	\$ 393	\$ 390	\$ 393
Contributions in relation to the contractually required contribution	(452)	(424)	(393)	(390)	(393)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Municipality's covered payroll	\$ 7,022	\$ 6,558	\$ 6,086	\$ 6,001	\$ 6,027
Contributions as a percentage of covered payroll	6.44%	6.47%	6.46%	6.50%	6.52%
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 376	\$ 364	\$ 343	\$ 330	\$ 333
Contributions in relation to the contractually required contribution	(376)	(364)	(343)	(330)	(333)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Municipality's covered payroll	\$ 5,766	\$ 5,584	\$ 5,299	\$ 5,129	\$ 5,191
Contributions as a percentage of covered payroll	6.52%	6.52%	6.47%	6.43%	6.41%

Note to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years.
Data reported as of the fiscal year end.

CITY OF VERMILLION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(ASSET) AND SCHEDULE OF PENSION CONTRIBUTIONS

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

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

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

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



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**CITY OF VERMILLION
SUPPLEMENTARY INFORMATION**

**CITY OF VERMILLION
COMBINING AND INDIVIDUAL FUND STATEMENTS
GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for revenues derived from special tax levies and other earmarked revenue sources. These funds are utilized to finance allowable functions, which may be for either capital outlays or current expenditures, or both.

The following funds included in this fund type and their purposes are as follows:

Major Fund:

Sales Tax Fund - Any revenue received in excess of the amount received if the rate of tax is one percent (1%) may be used only for capital improvement, land acquisition, the funding of public ambulances and medical emergency response vehicles, nonprofit hospitals with fifty or fewer licensed beds, and other public care facilities or nonprofit health care facilities with fifty or fewer licensed beds, the transfer to the special 911 fund authorized by SDCL § 34-45-12, the purchasing of fire fighting vehicles and equipment, debt retirement, major building repair projects, capital project planning, feasibility studies, and the minor rehabilitation, major rehabilitation, or reconstruction of streets. (Reported in Exhibit 3 and Exhibit 4)

Non-Major Funds:

Liquor, Lodging and Dining Tax - This fund is used to account for the revenues and expenditures of the additional one percent (1%) city sales tax on lodgings, alcoholic beverages, prepared food and admissions. All revenues received from the collection of the tax are used only for the purpose of land acquisition, architectural fees, construction costs, payment for civic center, auditorium or athletic facility buildings, including the maintenance, staffing and operation of such facilities and the promotion and advertising of the city, its facilities, attractions and activities.

911 Fund – This special revenue fund is used to account for the revenues and expenditures for the operation of the Public Safety Answering Point (PSAP) as required by the South Dakota 911 Coordination Board. Clay County and the City of Vermillion created the Clay Area Emergency Services Communications Center through an Intergovernmental Agreement in 1994 to consolidate public safety communications. Clay County and the City of Vermillion share the costs of operating the emergency communications center as outlined in the Intergovernmental Agreement.

Stormwater Fee Fund - This fund was established during the 1993 budget process as a funding source for new Stormwater construction and maintenance of the existing Stormwater system. The fee is charged to every parcel of property based upon the area and the use. The fee is collected by the county treasurer with the property taxes and remitted to the city with the tax receipts.

Parks Capital Fund - This fund is used to account for contributions received for capital improvements to be made in the City's parks.

Library Fund - This fund is used to account for Clay County contribution, fines, donations, copier fees and interest received by the library and is expended at the direction of the Library Board.

Business Improvement District No. 1– This district includes all lodging establishments located within the city limits whereby a \$2 per night fee is charged for rented rooms. The proceeds are for the purpose of funding the enhancement, expansion, marketing and promotion of visitor facilities, events, attractions and activities benefiting the city and its hotels and hotels located within the district.

CAPITAL PROJECTS FUNDS - Capital Projects Funds are established 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 following funds included in this fund type and their purposes are as follows:

Major Fund:

Jack Powell Development Fund- The City issued a tax incremental financing bond to fund the improvements to the Jack Powell Addition. Construction began in 2024 and will be completed in 2025.

Special Assessment Project Funds - This fund is used to account for receipt and disbursements of monies used for the construction of capital improvements, which are to be assessed to property owners and for projects funded by the State Transportation Improvement Program (STIP) funds. The projects are financed by the sale of special assessment bonds reported as a transfer in from the debt service fund and payments received from the property owners.

Non-Major Funds:

Bike Path Fund - This fund is used to account for the receipts and disbursements of monies used for the construction of bike paths with the use of the federal matching funds. The engineering department is working with the Department of Transportation on options for the trail along the Vermillion River and with the flooding. During 2021 some engineering was done on the project.

Airport Fund - This fund is used to account for receipts and disbursements of monies from federal, state and local matching for improvements at Harold Davidson Field. Engineering was started in 2020 on the taxi lane project and completed construction in 2021.

Jolley Development Capital Projects Fund - The City issued a tax incremental financing bond to fund the demolition of Jolley Elementary and infrastructure additions. Construction began in 2024 and will be completed in 2025.

DEBT SERVICE FUNDS: Debt Service Funds account for the accumulation of resources and payment of general long-term obligation bond principal and interest from governmental resources.

The following funds included in this fund type and their purposes are as follows:

Non-Major Funds:

Special Assessment Bonds - This fund accounts for the accumulation of monies for payment of special assessment bonds. The collection of the special assessments levied against the properties benefiting from the improvements from 2001 through 2021 is recorded in this fund. As the special assessment bonds were purchased by the electric utility the current portion of the inter fund loan is reported as "Due to other funds" and the long term portion is reported as "Advance from other funds". The principal payment for the inter fund loan reduces the liability and the interest is reported as a fund expenditure. The transfer out is the 8% fiscal fee for engineering services transferred to the general fund.

City Hall Bonds - This fund accounts for the reserve and the accumulation of monies for payment of the principal and interest on the certificates of participation in a lease-purchase agreement issued to build the new city hall. The certificates of participation were issued September 15, 2007 with the reserve and capitalized interest being recorded in this fund. The city has pledged sales tax revenues for the principal and interest payments through December 15, 2026. Refunding Certificates of Participation in a Lease-Purchase Agreement in the amount of \$2,695,000 were issued on December 30, 2015 as an advance crossover refunding for the original certificates that were retired on December 15, 2017.

TIF District No. 5 – This fund accounts for the tax increment on TIF District No. 5 that per the TIF plan and agreement with the Vermillion Chamber of Commerce and Development Company are reimbursed to the Vermillion Chamber of Commerce and Development Company as a grant.

TIF District No. 6 Bonds – This fund accounts for the accumulation of monies for payment of the tax incremental financing bonds principal and Interest. The tax incremental financing bonds were authorized in 2013 with final closing in 2014. Bond payments start in 2014 with the second penny sales tax fund advancing funds until the tax increment can fully fund the repayment. Tax collections in 2020 provided for interest and principal payment to reduce the bond outstanding.

TIF District No. 7 Bonds – This fund accounts for the accumulation of monies for payment of the tax incremental financing bonds principal and Interest. The tax incremental financing bonds were authorized in 2021 with final closing in 2021. Bond payments start in 2021 with the second penny sales tax fund advancing funds until the tax increment can fully fund the repayment. Tax collections in 2021 provided for interest payment.

TIF District No. 9 Bonds – This fund accounts for the accumulated of monies for payment of the tax incremental financing bonds principal and Interest. The tax incremental financing bonds were authorized in 2024 from the Electric Fund and in 2025 a private placement bond will occur.

Prentis Park Improvements – This fund accounts for the accumulation of monies for payment of the general obligation bonds issued for improvements to Prentis Park. The bonds were issued in February 2016 with funding sources from transfer from general fund of malt beverage markup fee and second penny sales tax. If these amounts are not sufficient the difference will be certified to the county for funding from property taxes.



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CITY OF VERMILLION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Special Revenue Funds							Capital Project Funds			
	Liquor Lodging, Dining Tax	911	Stormwater Fee	Parks Capital	Library	Business Improvement District No. 1	Total	Bike Path	Airport	Jolley Development	Total
ASSETS											
Cash and cash equivalents	\$ 65,834	\$ -	\$ 10,355	\$ 16,007	\$ 91,338	\$ 40,302	\$ 223,836	\$ 9,585	\$ -	\$ 23,034	\$ 32,619
Certificates of Deposit	550,000	-	950,000	-	-	-	1,500,000	-	-	-	-
Receivables (net, where applicable, of allowance for uncollectibles)											
Accounts receivable	-	334	4,576	-	-	2,958	7,868	-	-	-	-
Special assessment receivable	-	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	22,323	-	-	-	22,323	-	-	-	-
Due from other governments	49,841	104,164	6,261	-	-	-	160,266	-	184,851	233	185,084
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Certificates of Deposit	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Interest receivable	10,443	-	-	-	-	-	10,443	-	-	-	-
Total assets	<u>676,118</u>	<u>104,498</u>	<u>993,515</u>	<u>16,007</u>	<u>91,338</u>	<u>43,260</u>	<u>1,924,736</u>	<u>9,585</u>	<u>184,851</u>	<u>23,267</u>	<u>217,703</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Liabilities:											
Accounts payable	-	21,046	-	-	-	13,260	34,306	9,585	12,930	23,267	45,782
Due to other funds	-	83,452	143,760	-	-	-	227,212	-	171,921	-	171,921
Advance from other funds	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>104,498</u>	<u>143,760</u>	<u>-</u>	<u>-</u>	<u>13,260</u>	<u>261,518</u>	<u>9,585</u>	<u>184,851</u>	<u>23,267</u>	<u>217,703</u>
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue-sales tax	2,250	-	-	-	-	-	2,250	-	-	-	-
Unavailable revenue- interest	10,443	-	22,323	-	-	-	32,766	-	-	-	-
Unavailable revenue- stormwater fee	-	-	4,576	-	-	-	4,576	-	-	-	-
Unavailable revenue-special assessments and interest	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>12,693</u>	<u>-</u>	<u>26,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:											
Restricted	663,425	-	822,856	16,007	91,338	30,000	1,623,626	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>663,425</u>	<u>-</u>	<u>822,856</u>	<u>16,007</u>	<u>91,338</u>	<u>30,000</u>	<u>1,623,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 676,118</u>	<u>\$ 104,498</u>	<u>\$ 993,515</u>	<u>\$ 16,007</u>	<u>\$ 91,338</u>	<u>\$ 43,260</u>	<u>\$ 1,924,736</u>	<u>\$ 9,585</u>	<u>\$ 184,851</u>	<u>\$ 23,267</u>	<u>\$ 217,703</u>

Debt Service Funds								Total Nonmajor Governmental Funds
Special Assessment Bonds	City Hall Bonds	TIF District No. 6 Bonds	TIF District No. 7 Bonds	TIF District No. 5	TIF District No. 9 Bonds	Prentis Park Improvements	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	256,455
-	-	-	-	-	-	-	-	1,500,000
-	-	-	-	-	-	-	-	7,868
353,751	-	-	-	-	-	-	353,751	353,751
2,816	-	-	-	-	-	-	2,816	25,139
-	-	-	-	-	-	-	-	345,350
118,358	52,207	-	8,944	-	-	90,998	270,507	270,507
300,000	-	-	-	-	-	-	300,000	300,000
-	269,500	-	-	-	-	-	269,500	269,500
6,264	452	-	-	-	-	-	6,716	17,159
<u>781,189</u>	<u>322,159</u>	<u>-</u>	<u>8,944</u>	<u>-</u>	<u>-</u>	<u>90,998</u>	<u>1,203,290</u>	<u>3,345,729</u>
-	-	-	42,427	-	-	-	42,427	122,515
-	-	-	-	-	-	-	-	399,133
3,411	-	143,429	42,427	-	700,860	-	890,127	890,127
<u>3,411</u>	<u>-</u>	<u>143,429</u>	<u>84,854</u>	<u>-</u>	<u>700,860</u>	<u>-</u>	<u>932,554</u>	<u>1,411,775</u>
-	-	-	-	-	-	-	-	2,250
7,654	452	-	-	-	-	-	8,106	40,872
-	-	-	-	-	-	-	-	4,576
346,125	-	-	-	-	-	-	346,125	346,125
<u>353,779</u>	<u>452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,231</u>	<u>393,823</u>
423,999	321,707	-	-	-	-	90,998	836,704	2,460,330
-	-	(143,429)	(75,910)	-	(700,860)	-	(920,199)	(920,199)
<u>423,999</u>	<u>321,707</u>	<u>(143,429)</u>	<u>(75,910)</u>	<u>-</u>	<u>(700,860)</u>	<u>90,998</u>	<u>(83,495)</u>	<u>1,540,131</u>
\$ <u>781,189</u>	\$ <u>322,159</u>	\$ <u>-</u>	\$ <u>8,944</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>90,998</u>	\$ <u>1,203,290</u>	\$ <u>3,345,729</u>

CITY OF VERMILLION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds						Capital Project Funds				
	Liquor Lodging, Dining Tax	911	Stormwater Fee	Parks Capital	Library	Business Improvement District No. 1	Total	Bike Path	Airport	Jolley Development	Total
REVENUES											
Taxes:											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General sales & use	562,973	-	-	-	-	-	562,973	-	-	-	-
Stormwater fees	-	-	314,114	-	-	-	314,114	-	-	-	-
Business Improvement Dist. Fees	-	-	-	-	-	64,672	64,672	-	-	-	-
Penalties & interest	-	-	529	-	-	-	529	-	-	-	-
Intergovernmental:											
Federal grant	-	-	-	-	-	-	-	-	383,639	58,947	442,586
State grant	-	-	-	-	-	-	-	-	21,314	-	21,314
County shared revenue	-	379,802	-	-	2,000	-	381,802	-	-	-	-
Fines & forfeits:											
Library	-	-	-	-	1,521	-	1,521	-	-	-	-
Miscellaneous:											
Interest earned	16,781	-	45,142	4	80	-	62,007	-	-	-	-
Contributions & donations from private sources	-	-	-	2,800	8,898	-	11,698	-	-	-	-
Special assessments (principal & interest)	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	7,143	-	7,143	-	-	-	-
Total revenue	579,754	379,802	359,785	2,804	19,642	64,672	1,406,459	-	404,953	58,947	463,900
EXPENDITURES											
Current											
Public safety	-	757,404	-	-	-	-	757,404	-	-	-	-
Culture-recreation	-	-	-	-	13,265	-	13,265	-	-	-	-
Conservation & development	398,538	-	-	-	-	63,379	461,917	-	-	-	-
Capital outlay:											
Public works	-	-	-	-	-	-	-	-	425,700	201,174	626,874
Culture & recreation	-	-	-	10,720	-	-	10,720	-	-	-	-
Debt service:											
Principal	-	-	21,384	-	-	-	21,384	-	-	-	-
Interest & fiscal charges	-	-	9,610	-	-	-	9,610	-	-	-	-
Total expenditures	398,538	757,404	30,994	10,720	13,265	63,379	1,274,300	-	425,700	201,174	626,874
Excess (deficiency) of revenues over (under) expenditures	181,216	(377,602)	328,791	(7,916)	6,377	1,293	132,159	-	(20,747)	(142,227)	(162,974)
OTHER FINANCING SOURCES(USES)											
Transfer in	-	377,602	-	-	-	-	377,602	-	20,747	142,227	162,974
Transfer out	-	-	(481,668)	-	(5,000)	(1,293)	(487,961)	-	-	-	-
Total other financing sources(uses)	-	377,602	(481,668)	-	(5,000)	(1,293)	(110,359)	-	20,747	142,227	162,974
Net change in fund balances	181,216	-	(152,877)	(7,916)	1,377	-	21,800	-	-	-	-
Fund balances - beginning	482,209	-	975,733	23,923	89,961	30,000	1,601,826	-	-	-	-
Fund balances - ending	\$ 663,425	\$ -	\$ 822,856	\$ 16,007	\$ 91,338	\$ 30,000	\$ 1,623,626	\$ -	\$ -	\$ -	\$ -

Debt Service Funds								
Special Assessment Bonds	City Hall Bonds	TIF District No. 6 Bonds	TIF District No. 7 Bonds	TIF District No. 5	TIF District No. 9 Bonds	Prentis Park Improvements	Total	Total Nonmajor Funds
\$ -	\$ -	\$ 502,450	\$ 31,646	\$ 101,466	\$ -	\$ -	\$ 635,562	\$ 635,562
-	-	-	-	-	-	-	-	562,973
-	-	-	-	-	-	-	-	314,114
-	-	-	-	-	-	-	-	64,672
-	15,827	-	-	-	-	-	15,827	16,356
-	-	-	-	-	-	-	-	442,586
-	-	-	-	-	-	-	-	21,314
-	-	-	-	-	-	-	-	381,802
-	-	-	-	-	-	-	-	1,521
14,337	-	-	5	-	-	-	14,342	76,349
-	-	-	-	-	-	-	-	11,698
83,350	-	-	-	-	-	-	83,350	83,350
-	-	-	122,588	-	-	-	122,588	129,731
97,687	15,827	502,450	154,239	101,466	-	-	871,669	2,742,028
-	-	-	-	-	-	-	-	757,404
-	-	-	-	-	-	-	-	13,265
-	-	-	-	101,466	-	-	101,466	563,383
-	-	-	-	-	-	-	-	626,874
-	-	-	-	-	-	-	-	10,720
-	315,000	473,847	146,956	-	-	140,000	1,075,803	1,097,187
194	27,980	15,573	50,089	-	-	58,675	152,511	162,121
194	342,980	489,420	197,045	101,466	-	198,675	1,329,780	3,230,954
97,493	(327,153)	13,030	(42,806)	-	-	(198,675)	(458,111)	(488,926)
-	342,980	-	-	-	-	198,675	541,655	1,082,231
(64,876)	-	-	-	-	(700,860)	-	(765,736)	(1,253,697)
(64,876)	342,980	-	-	-	(700,860)	198,675	(224,081)	(171,466)
32,617	15,827	13,030	(42,806)	-	(700,860)	-	(682,192)	(660,392)
391,382	305,880	(156,459)	(33,104)	-	-	90,998	598,697	2,200,523
\$ 423,999	\$ 321,707	\$ (143,429)	\$ (75,910)	\$ -	\$ (700,860)	\$ 90,998	\$ (83,495)	\$ 1,540,131

CITY OF VERMILLION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Liquor, Lodging, Dining Tax			911			Stormwater Fee		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
REVENUES									
Taxes:									
General sales & use	\$ 450,000	\$ 562,973	\$ 112,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-	-	-
Stormwater fees	-	-	-	-	-	-	302,689	314,114	11,425
Penalties & interest	-	-	-	-	-	-	600	529	(71)
Intergovernmental :									
County shared revenue	-	-	-	382,979	379,802	(3,177)	-	-	-
Charges for goods & services									
Culture & recreation	-	-	-	-	-	-	-	-	-
Fines & forfeits:									
Library	-	-	-	-	-	-	-	-	-
Miscellaneous:									
Interest earned	20,000	16,781	(3,219)	-	-	-	60,000	45,142	(14,858)
Contributions & donations									
from private sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenue	<u>470,000</u>	<u>579,754</u>	<u>109,754</u>	<u>382,979</u>	<u>379,802</u>	<u>(3,177)</u>	<u>363,289</u>	<u>359,785</u>	<u>(3,504)</u>
EXPENDITURES									
Current									
Public safety	-	-	-	763,757	757,404	6,353	-	-	-
Public works	-	-	-	-	-	-	15,000	-	15,000
Culture-recreation	-	-	-	-	-	-	-	-	-
Conservation & development	398,850	398,538	312	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	21,384	21,384	-
Interest & fiscal charges	-	-	-	-	-	-	9,611	9,610	1
Total expenditures	<u>398,850</u>	<u>398,538</u>	<u>312</u>	<u>763,757</u>	<u>757,404</u>	<u>6,353</u>	<u>45,995</u>	<u>30,994</u>	<u>15,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,150</u>	<u>181,216</u>	<u>110,066</u>	<u>(380,778)</u>	<u>(377,602)</u>	<u>3,176</u>	<u>317,294</u>	<u>328,791</u>	<u>11,497</u>
OTHER FINANCING SOURCES (USES)									
Operating Transfers In	-	-	-	380,778	377,602	(3,176)	-	-	-
Operating Transfers Out	-	-	-	-	-	-	(650,000)	(481,668)	168,332
Total Other Financing Sources (Uses)	-	-	-	380,778	377,602	(3,176)	(650,000)	(481,668)	168,332
Net change in fund balances	<u>\$ 71,150</u>	<u>181,216</u>	<u>\$ 110,066</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (332,706)</u>	<u>(152,877)</u>	<u>\$ 179,829</u>
Fund balances - beginning		<u>482,209</u>			<u>-</u>			<u>975,733</u>	
Fund balances - ending		<u>\$ 663,425</u>			<u>\$ -</u>			<u>\$ 822,856</u>	

Parks Capital			Library			Business Improvement District		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	72,000	64,672	(7,328)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	2,000	2,000	-	-	-	-
500	-	(500)	-	-	-	-	-	-
-	-	-	750	1,521	771	-	-	-
10	4	(6)	50	80	30	-	-	-
3,000	2,800	(200)	10,000	8,898	(1,102)	-	-	-
-	-	-	6,500	7,143	643	-	-	-
<u>3,510</u>	<u>2,804</u>	<u>(706)</u>	<u>19,300</u>	<u>19,642</u>	<u>342</u>	<u>72,000</u>	<u>64,672</u>	<u>(7,328)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
11,000	10,720	280	14,300	13,265	1,035	-	-	-
-	-	-	-	-	-	70,560	63,379	7,181
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>11,000</u>	<u>10,720</u>	<u>280</u>	<u>14,300</u>	<u>13,265</u>	<u>1,035</u>	<u>70,560</u>	<u>63,379</u>	<u>7,181</u>
(7,490)	(7,916)	(426)	5,000	6,377	1,377	1,440	1,293	(147)
-	-	-	-	-	-	-	-	-
-	-	-	(5,000)	(5,000)	-	(1,440)	(1,293)	147
-	-	-	(5,000)	(5,000)	-	(1,440)	(1,293)	147
\$ <u>(7,490)</u>	<u>(7,916)</u>	\$ <u>(426)</u>	\$ <u>-</u>	<u>1,377</u>	\$ <u>1,377</u>	\$ <u>-</u>	<u>-</u>	\$ <u>-</u>
	<u>23,923</u>			<u>89,961</u>			<u>30,000</u>	
	\$ <u>16,007</u>			\$ <u>91,338</u>			\$ <u>30,000</u>	

CITY OF VERMILLION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Special Assessment			Bike Path		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
REVENUES						
Intergovernmental :						
Federal grant	\$ -	\$ -	\$ -	\$ 104,082	\$ 9,585	\$ (94,497)
State grant	500,000	500,000	-	-	-	-
Total revenue	500,000	500,000	-	104,082	9,585	(94,497)
EXPENDITURES						
Current						
Public works	2,635,203	2,235,266	399,937	-	-	-
Culture & recreation	-	-	-	275,918	9,585	266,333
Total expenditures	2,635,203	2,235,266	399,937	275,918	9,585	266,333
Excess (deficiency) of revenues over (under) expenditures	(2,135,203)	(1,735,266)	399,937	(171,836)	-	171,836
OTHER FINANCING SOURCES(USES)						
Transfer in	2,135,203	1,735,266	(399,937)	171,836	-	(171,836)
Proceeds from sale of bonds	-	-	-	-	-	-
Total other financing sources(uses)	2,135,203	1,735,266	(399,937)	171,836	-	(171,836)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning		-			-	
Fund balances - ending		\$ -			\$ -	

Jolley Development			Airport			Jack Powell		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
\$ 325,000	\$ 58,947	\$ (266,053)	\$ 420,300	383,639	\$ (36,661)	\$ 867,778	\$ -	\$ (867,778)
-	-	-	23,350	21,314	(2,036)	305,000	986,671	681,671
325,000	58,947	(266,053)	443,650	404,953	(38,697)	1,172,778	986,671	(186,107)
1,090,500	201,174	889,326	467,000	425,700	41,300	4,755,794	2,839,102	1,916,692
-	-	-	-	-	-	-	-	-
1,090,500	201,174	889,326	467,000	425,700	41,300	4,755,794	2,839,102	1,916,692
(765,500)	(142,227)	623,273	(23,350)	(20,747)	2,603	(3,583,016)	(1,852,431)	1,730,585
505,000	142,227	(362,773)	23,350	20,747	(2,603)	1,553,016	1,151,571	(401,445)
260,500	-	(260,500)	-	-	-	2,030,000	700,860	(1,329,140)
765,500	142,227	(623,273)	23,350	20,747	(2,603)	3,583,016	1,852,431	(1,730,585)
\$ -	-	\$ -	\$ -	-	\$ -	-	-	\$ -
	-			-			-	
	\$ -			\$ -			\$ -	



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**CITY OF VERMILLION
COMBINING STATEMENTS
INTERNAL SERVICE FUNDS**

INTERNAL SERVICE FUNDS - Internal Service Funds are established to account for the financing of goods or services provided by one department to other departments of the governmental unit, or to other governmental units, on a cost reimbursement basis.

The following funds included in this fund type and their purposes are as follows:

Copier-Fax-Postage Fund - The copier-fax fund is used to account for all the operating cost and replacement of the postage machine, central copier and fax machine in city hall. All departments are billed for copies, postage and faxes used at a cost plus depreciation

Unemployment Insurance Fund – This fund has been established to account for the City self-insurance for unemployment insurance claims.

Equipment Replacement Fund - The equipment replacement fund is used to account for rental of equipment used by all City departments and to provide the means to purchase replacement equipment when needed. All the major items of the city's rolling stock are contained in this fund. Each department on a quarterly basis pays the rental amounts for the equipment used by the department.

Custodial Services Fund – The custodial services fund is used to account for the costs associated with providing janitorial services for City buildings.

Technology Replacement Fund – The Technology Replacement fund is used to account for the costs associated with providing IT services for City buildings.

CITY OF VERMILLION
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2024

	Copier- Fax- Postage	Unemployment Insurance	Equipment Replacement	Custodial Services	Technology Replacement	Totals
ASSETS:						
Current assets:						
Cash	\$ -	\$ 956	\$ -	\$ 29,440	\$ 54,889	\$ 85,285
Certificates of Deposit	-	10,000	1,350,000	-	50,000	1,410,000
Accounts receivable	1,534	-	-	-	-	1,534
Interest receivable	-	237	24,812	-	825	25,874
Total current assets	<u>1,534</u>	<u>11,193</u>	<u>1,374,812</u>	<u>29,440</u>	<u>105,714</u>	<u>1,522,693</u>
Net Pension Asset	-	-	-	37	82	119
Capital assets:						
Furniture & equipment	5,150	-	9,052,457	1,787	-	9,059,394
Right to Use Asset - Equipment	5,236	-	-	-	-	5,236
less accumulated depreciation/amortization	(1,807)	-	(4,133,738)	(1,787)	-	(4,137,332)
Total capital assets	<u>8,579</u>	<u>-</u>	<u>4,918,719</u>	<u>-</u>	<u>-</u>	<u>4,927,298</u>
Total assets	<u>10,113</u>	<u>11,193</u>	<u>6,293,531</u>	<u>29,477</u>	<u>105,796</u>	<u>6,450,110</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Pension Related Deferred Outflows	-	-	-	6,696	13,975	20,671
LIABILITIES						
Current liabilities:						
Accounts payable	-	2	59,910	5,246	2,084	67,242
Due to other Funds	1,701	-	204,678	-	-	206,379
Lease Agreements - Current	1,024	-	-	-	-	1,024
Interest Payable - Leases	5	-	-	-	-	5
Accrued leave payable	-	-	-	6,135	2,507	8,642
Total current liabilities	<u>2,730</u>	<u>2</u>	<u>264,588</u>	<u>11,381</u>	<u>4,591</u>	<u>283,292</u>
Noncurrent liabilities:						
Lease Agreements - Long Term	3,953	-	-	-	-	3,953
Accrued leave payable	-	-	-	4,225	1,728	5,953
Total non current liabilities	<u>3,953</u>	<u>-</u>	<u>-</u>	<u>4,225</u>	<u>1,728</u>	<u>9,906</u>
Total liabilities	<u>6,683</u>	<u>2</u>	<u>264,588</u>	<u>15,606</u>	<u>6,319</u>	<u>293,198</u>
DEFERRED INFLOWS OF RESOURCES:						
Pension Related Deferred Inflows	-	-	-	4,624	13,045	17,669
NET POSITION						
Investment in capital assets	8,579	-	4,918,719	-	-	4,927,298
SDRS Pension Purposes	-	-	-	37	82	119
Unrestricted	(5,149)	11,191	1,110,224	15,906	100,325	1,232,497
Total net position	<u>\$ 3,430</u>	<u>\$ 11,191</u>	<u>\$ 6,028,943</u>	<u>\$ 15,943</u>	<u>\$ 100,407</u>	<u>\$ 6,159,914</u>

CITY OF VERMILLION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES
EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

	Copier- Fax- Postage	Unemployment Insurance	Equipment Replacement	Custodial Services	Technology Replacement	Totals
Operating Revenues:						
Charges for goods and services	\$ 13,981	\$ -	\$ 657,276	\$ 93,084	\$ 78,269	\$ 842,610
Total operating revenue	<u>13,981</u>	<u>-</u>	<u>657,276</u>	<u>93,084</u>	<u>78,269</u>	<u>842,610</u>
Operating expenses:						
Personnel services	-	-	-	45,325	81,259	126,584
Other current expenses	12,968	823	42	45,884	1,287	61,004
Depreciation	<u>1,292</u>	<u>-</u>	<u>608,095</u>	<u>-</u>	<u>-</u>	<u>609,387</u>
Total operating expenses	<u>14,260</u>	<u>823</u>	<u>608,137</u>	<u>91,209</u>	<u>82,546</u>	<u>796,975</u>
Operating income(loss)	<u>(279)</u>	<u>(823)</u>	<u>49,139</u>	<u>1,875</u>	<u>(4,277)</u>	<u>45,635</u>
Nonoperating revenue (expenses):						
Interest earned	-	492	59,024	-	2,336	61,852
Interest Expense	(16)	-	-	-	-	(16)
Gain on disposition of assets	<u>-</u>	<u>-</u>	<u>116,561</u>	<u>-</u>	<u>-</u>	<u>116,561</u>
Total nonoperating revenue	<u>(16)</u>	<u>492</u>	<u>175,585</u>	<u>-</u>	<u>2,336</u>	<u>178,397</u>
Change in net position	<u>(295)</u>	<u>(331)</u>	<u>224,724</u>	<u>1,875</u>	<u>(1,941)</u>	<u>224,032</u>
Net position - beginning	<u>3,725</u>	<u>11,522</u>	<u>5,804,219</u>	<u>14,068</u>	<u>102,348</u>	<u>5,935,882</u>
Net position - ending	<u>\$ 3,430</u>	<u>\$ 11,191</u>	<u>\$ 6,028,943</u>	<u>\$ 15,943</u>	<u>\$ 100,407</u>	<u>\$ 6,159,914</u>

CITY OF VERMILLION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Copier- Fax- Postage	Unemployment Insurance	Equipment Replacement	Custodial Services	Technology Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 13,677	\$ -	\$ 657,276	\$ 93,084	\$ 78,269	\$ 842,306
Cash paid for personnel services	-	(821)	-	(40,857)	(76,420)	(118,098)
Cash paid to suppliers	<u>(13,010)</u>	<u>-</u>	<u>(42)</u>	<u>(44,830)</u>	<u>(1,287)</u>	<u>(59,169)</u>
Net cash provided by (used for) operating activities	667	(821)	657,234	7,397	562	665,039
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(5,236)	-	(1,279,385)	-	-	(1,284,621)
Proceeds from sale of assets	-	-	128,300	-	-	128,300
Proceeds from issuance of lease agreements	5,236	-	-	-	-	5,236
Principal paid on bonds and lease agreements	(259)	-	-	-	-	(259)
Interest paid on bonds and lease agreements	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11)</u>
Net cash (used for) capital and related financing activities	(270)	-	(1,151,085)	-	-	(1,151,355)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Due to other Funds	<u>(397)</u>	<u>-</u>	<u>204,678</u>	<u>-</u>	<u>-</u>	<u>204,281</u>
Net cash provided by (used for) non-capital financing activities	(397)	-	204,678	-	-	204,281
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	-	577	53,469	-	2,853	56,899
Purchase and sale of investments	-	(10,000)	(1,350,000)	-	(50,000)	(1,410,000)
Sale of investment	<u>-</u>	<u>10,000</u>	<u>1,250,000</u>	<u>-</u>	<u>50,000</u>	<u>1,310,000</u>
Net cash provided by (used for) investing activities	-	577	(46,531)	-	2,853	(43,101)
Net increase (decrease) in cash and cash equivalents	-	(244)	(335,704)	7,397	3,415	(325,136)
Cash and cash equivalents beginning of year	<u>-</u>	<u>1,200</u>	<u>335,704</u>	<u>22,043</u>	<u>51,474</u>	<u>410,421</u>
Cash and cash equivalents end of year	<u>\$ -</u>	<u>\$ 956</u>	<u>\$ -</u>	<u>\$ 29,440</u>	<u>\$ 54,889</u>	<u>\$ 85,285</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ (279)	\$ (823)	\$ 49,139	\$ 1,875	\$ (4,277)	\$ 45,635
Adjustments to reconcile net operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	1,292	-	608,095	-	-	609,387
Accounts receivable	(304)	-	-	-	-	(304)
Net Pension Asset	-	-	-	67	56	123
Deferred Outflows of Resources	-	-	-	1,606	(2,653)	(1,047)
Deferred Inflows of Resources	-	-	-	(584)	3,561	2,977
Accounts payable	(42)	2	-	1,054	1,170	2,184
Accrued leave payable	-	-	-	3,379	2,705	6,084
Net cash provided by (used for) operating activities	<u>\$ 667</u>	<u>\$ (821)</u>	<u>\$ 657,234</u>	<u>\$ 7,397</u>	<u>\$ 562</u>	<u>\$ 665,039</u>
Noncash investing, capital and financing activities:						
Exchange of payables for capital assets	\$ -	\$ -	\$ 59,910	\$ -	\$ -	\$ 59,910
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,910</u>



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**CITY OF VERMILLION
STATISTICAL SECTION**

CITY OF VERMILLION

STATISTICAL SECTION

This part of the City of Vermillion's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:	Pages
Financial Trends	78-85
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	86-88
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	89-96
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	97-98
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	99-101
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived for the annual comprehensive reports for the relevant year.

TABLE 1

CITY OF VERMILION
GOVERNMENT-WIDE NET POSITION BY COMPONENT¹
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 26,161,730	\$ 25,939,223	\$ 29,309,258	\$ 29,784,908	\$ 30,161,008	\$ 30,256,478	\$ 37,078,026	\$ 36,875,568	\$ 37,957,517	\$ 43,129,546
Restricted for:										
BBB	288,296	325,345	353,447	252,804	318,839	375,157	411,995	437,480	498,336	676,118
Debt Service	3,497,320	3,305,738	629,167	644,721	689,626	782,258	783,992	1,233,229	1,210,772	1,183,683
Parks Capital	82,738	18,356	20,928	30,957	36,758	24,461	25,680	26,494	23,923	16,007
Library	28,170	35,245	47,965	56,781	63,653	68,264	79,316	86,626	89,961	91,338
Business Improvement District	31,838	25,070	23,048	30,000	30,000	21,326	21,326	30,000	30,000	30,000
SDRS Pension Purposes	996,939	773,407	1,342,310	1,029,353	480,761	99,759	476,520	556,236	491,684	6,512
Stormwater	1,003,863	1,126,475	1,024,296	1,217,075	1,452,180	1,869,415	471,055	708,766	999,731	849,755
Cumulative Reserve	158,060	158,060	158,060	189,776	208,471	211,088	-	-	-	-
Unrestricted	5,476,685	7,105,566	7,996,262	8,387,491	8,732,691	11,173,252	10,664,299	11,812,874	13,244,382	13,580,984
Total Governmental Activities	\$ 37,725,639	\$ 38,813,485	\$ 40,904,741	\$ 41,623,866	\$ 42,173,967	\$ 44,881,458	\$ 50,012,209	\$ 51,767,273	\$ 54,546,306	\$ 59,563,943
Business-Type Activities										
Net Investment in Capital Assets	\$ 27,122,901	\$ 26,934,533	\$ 27,553,973	\$ 27,790,213	\$ 30,996,755	\$ 31,592,733	\$ 32,159,670	\$ 32,653,344	\$ 32,848,021	\$ 34,626,260
Restricted for:										
Debt Service	1,178,908	1,262,532	3,575,667	1,527,726	1,362,403	1,379,168	1,406,486	1,408,504	1,479,010	1,690,607
Landfill Closure Postclosure	122,863	107,670	94,128	84,591	77,235	64,646	46,450	37,937	55,549	14,898
SDRS Pension Purposes	632,798	489,568	832,432	631,121	303,021	77,062	283,299	329,970	289,319	3,895
Cumulative Reserve	-	-	-	184,979	227,572	234,239	-	-	-	-
Unrestricted	9,854,143	10,817,828	10,040,260	14,207,999	12,997,434	15,596,511	18,049,960	21,229,601	23,116,717	24,940,594
Total Business-Type Activities	\$ 38,911,613	\$ 39,612,131	\$ 42,096,460	\$ 44,426,629	\$ 45,964,420	\$ 48,944,359	\$ 51,945,865	\$ 55,659,356	\$ 57,788,616	\$ 61,276,254
Primary Government										
Net Investment in Capital Assets	\$ 53,284,631	\$ 52,873,756	\$ 56,863,231	\$ 57,575,121	\$ 61,157,763	\$ 61,849,211	\$ 69,237,696	\$ 69,528,912	\$ 70,805,538	\$ 77,755,806
Restricted for:										
BBB	288,296	325,345	353,447	252,804	318,839	375,157	411,995	437,480	498,336	676,118
Debt Service	4,676,228	4,568,270	4,204,834	2,172,447	2,052,029	2,161,426	2,190,478	2,641,733	2,689,782	2,874,290
Parks Capital	82,738	18,356	20,928	30,957	36,758	24,461	25,680	26,494	23,923	16,007
Library	28,170	35,245	47,965	56,781	63,653	68,264	79,316	86,626	89,961	91,338
Business Improvement District	31,838	26,070	23,048	30,000	30,000	21,326	21,326	30,000	30,000	30,000
Stormwater	1,003,863	1,126,475	1,024,296	1,217,075	1,452,180	1,869,415	471,055	708,766	999,731	849,755
Landfill Closure Postclosure	122,863	107,670	94,128	84,591	77,235	64,646	46,450	37,937	55,549	14,898
Cumulative Reserve	158,060	158,060	158,060	374,755	436,043	445,327	-	-	-	-
SDRS Pension Purposes	1,629,737	1,262,975	2,174,742	1,660,474	783,782	176,821	759,819	886,206	781,003	10,407
Unrestricted	15,330,828	17,923,394	18,036,522	22,595,490	21,730,125	26,769,763	28,714,259	33,042,475	36,361,099	38,521,578
Total Primary Government	\$ 76,637,252	\$ 78,425,616	\$ 83,001,201	\$ 86,050,495	\$ 88,138,407	\$ 93,825,817	\$ 101,958,074	\$ 107,426,629	\$ 112,334,922	\$ 120,840,197

¹Accounting standards require that net position be reported in three components in the financial statements:

net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of South Dakota or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

TABLE 2

CITY OF VERMILION
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities:										
General Government	\$ 1,373,494	\$ 1,459,520	\$ 1,319,343	\$ 1,483,819	\$ 1,544,343	\$ 1,574,607	\$ 1,476,593	\$ 1,569,495	\$ 1,781,954	\$ 1,880,424
Public Safety	2,430,332	2,679,682	2,468,435	3,136,600	3,358,843	3,376,286	3,032,180	3,198,603	3,321,941	3,560,347
Public Works	1,988,965	1,974,166	1,939,284	2,093,258	2,189,685	1,991,591	2,061,377	2,381,526	2,720,023	2,542,610
Health & Welfare	549,156	585,800	561,700	697,117	798,856	826,609	759,064	888,369	1,112,495	1,179,976
Culture & Recreation	1,382,212	1,607,245	1,573,107	1,976,590	1,991,308	1,759,552	1,950,756	2,232,774	2,320,873	2,662,540
Conservation & Development	492,999	612,599	542,244	637,238	642,591	906,139	768,107	871,174	844,176	933,457
Interest on Long-term debt	261,125	305,754	309,347	192,464	179,579	168,372	208,835	201,812	179,405	155,018
Total Governmental Activities Expenses	<u>8,478,283</u>	<u>9,204,766</u>	<u>8,713,460</u>	<u>10,217,086</u>	<u>10,705,205</u>	<u>10,603,156</u>	<u>10,256,912</u>	<u>11,343,753</u>	<u>12,280,867</u>	<u>12,914,372</u>
Business-Type Activities:										
Electric	5,159,008	5,541,389	5,326,073	5,841,559	5,856,369	5,246,386	5,549,926	5,993,695	6,168,313	6,195,333
Water	1,542,802	1,534,487	1,464,998	1,731,838	1,681,370	1,719,837	1,689,285	1,998,257	2,293,942	2,314,908
Wastewater	1,758,756	1,737,489	1,768,360	1,843,525	1,974,471	1,778,529	1,666,627	1,773,480	1,776,439	2,347,553
Liquor	1,293,291	1,403,377	1,421,926	1,364,693	1,374,329	1,619,294	1,595,048	1,545,512	1,592,855	1,506,190
Golf	800,842	832,107	761,857	846,875	953,299	932,017	1,008,257	1,123,280	1,182,334	1,196,634
Joint Powers Landfill	1,438,417	1,686,062	1,465,723	1,547,072	1,712,861	1,602,699	1,610,240	2,592,237	2,131,244	2,548,746
Curbside Recycling	97,913	107,130	100,286	116,546	139,187	137,808	110,885	107,130	146,740	142,020
Total Business-Type Activities Expenses	<u>12,091,029</u>	<u>12,822,041</u>	<u>12,309,223</u>	<u>13,292,108</u>	<u>13,691,886</u>	<u>13,036,570</u>	<u>13,230,268</u>	<u>15,133,591</u>	<u>15,291,867</u>	<u>16,251,384</u>
Total Primary Government Expenses	<u>\$ 20,569,312</u>	<u>\$ 22,026,807</u>	<u>\$ 21,022,683</u>	<u>\$ 23,509,194</u>	<u>\$ 24,397,091</u>	<u>\$ 23,639,726</u>	<u>\$ 23,487,180</u>	<u>\$ 26,477,344</u>	<u>\$ 27,572,734</u>	<u>\$ 29,165,756</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 377,732	\$ 162,156	\$ 158,316	\$ 150,183	\$ 145,404	\$ 136,589	\$ 147,375	\$ 201,383	\$ 167,884	\$ 152,521
Public Safety	49,694	285,945	283,009	294,324	299,906	286,567	317,841	324,827	368,642	364,543
Public Works	357,524	394,187	364,141	379,088	385,793	369,160	404,142	440,882	433,870	431,410
Health & Welfare	538,048	497,335	531,481	672,451	578,609	623,622	704,187	713,064	743,131	650,406
Culture & Recreation	60,700	70,882	171,080	174,115	166,485	4,878	190,458	195,770	181,823	213,619
Operating Grants & Contributions	313,523	350,812	403,258	397,074	399,900	2,386,377	372,095	466,613	631,431	541,183
Capital Grants & Contributions	1,483,803	833,179	954,883	585,008	511,243	993,224	3,443,677	1,036,863	753,722	3,489,687
Total Governmental Activities Program Revenues	<u>3,181,024</u>	<u>2,574,496</u>	<u>2,866,168</u>	<u>2,652,243</u>	<u>2,487,340</u>	<u>4,800,417</u>	<u>5,579,775</u>	<u>3,379,402</u>	<u>3,280,503</u>	<u>5,843,369</u>
Business-Type Activities:										
Charges for Services:										
Electric	6,360,888	6,620,124	7,250,554	7,812,623	7,615,970	7,781,409	8,118,921	8,233,921	8,160,985	8,167,109
Water	1,744,965	1,822,923	1,891,243	1,856,793	1,823,410	1,979,506	2,072,441	2,100,648	2,125,132	2,332,995
Wastewater	1,853,034	1,920,568	1,960,026	2,022,210	2,078,229	2,049,897	2,034,013	2,140,051	2,269,696	2,576,095
Liquor	1,498,390	1,621,960	1,613,093	1,596,637	1,606,911	1,906,619	1,907,773	1,863,180	1,891,370	1,836,865
Golf	610,115	624,018	649,373	647,959	705,074	721,497	899,332	935,617	989,663	1,025,519
Joint Powers Landfill	1,315,471	1,468,979	1,657,264	1,863,300	1,910,098	1,899,549	2,137,381	2,146,383	2,089,843	2,199,075
Curbside Recycling	108,267	115,386	123,824	125,986	129,473	106,891	133,834	137,630	135,840	142,891
Operating Grants & Contributions	7,000	113,459	-	3,043	23,639	68,936	-	1,984,846	265,186	4,155
Capital Grants & Contributions	30,291	-	466,162	264,635	10,955	126,037	653,203	-	-	1,345,263
Total Business-Type Activities Program Revenues	<u>13,528,421</u>	<u>14,307,417</u>	<u>15,611,539</u>	<u>16,193,186</u>	<u>15,903,759</u>	<u>16,640,341</u>	<u>17,956,898</u>	<u>19,542,276</u>	<u>17,927,715</u>	<u>19,629,967</u>
Total Primary Government Program Revenues	<u>\$ 16,709,445</u>	<u>\$ 16,881,913</u>	<u>\$ 18,477,707</u>	<u>\$ 18,845,429</u>	<u>\$ 18,391,099</u>	<u>\$ 21,440,758</u>	<u>\$ 23,536,673</u>	<u>\$ 22,921,678</u>	<u>\$ 21,208,218</u>	<u>\$ 25,473,336</u>
Net(Expense)/Revenue¹										
Governmental Activities	(5,297,259)	(6,630,270)	(5,847,292)	(7,564,843)	(8,217,865)	(5,802,739)	(4,677,137)	(7,964,351)	(9,000,364)	(7,071,003)
Business-Type Activities	1,437,392	1,485,376	3,302,316	2,901,078	2,211,873	3,603,771	4,726,630	4,408,685	2,635,848	3,378,583
Total Primary Government Net Revenues (Expenses)	<u>\$ (3,859,867)</u>	<u>\$ (5,144,894)</u>	<u>\$ (2,544,976)</u>	<u>\$ (4,663,765)</u>	<u>\$ (6,005,992)</u>	<u>\$ (2,198,968)</u>	<u>\$ 49,493</u>	<u>\$ (3,555,666)</u>	<u>\$ (6,364,516)</u>	<u>\$ (3,692,420)</u>

TABLE 2 (continued)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues										
Governmental Activities:										
Property Taxes	\$ 2,164,952	\$ 2,243,266	\$ 2,315,948	\$ 2,463,143	\$ 2,659,569	\$ 2,784,742	\$ 2,943,933	\$ 3,145,655	\$ 3,411,214	\$ 3,630,074
Sales Taxes	4,006,345	3,854,068	4,007,769	4,117,042	4,381,047	4,327,190	5,009,387	5,093,169	5,731,548	6,179,211
Unrestricted State/County Shared Revenue	65,935	68,939	68,682	64,622	69,356	76,334	79,265	81,287	80,855	77,832
Unrestricted Investment Earnings	58,413	98,193	124,778	154,005	223,814	192,315	69,152	97,293	514,613	730,204
Miscellaneous Revenue	331,373	247,972	261,987	284,745	282,703	257,394	311,127	313,690	666,748	420,419
Gain (loss) on sale of capital assets	5,577	40,348	19,472	31,283	14,085	9,823	-	104,296	2,574	116,561
Special item change in SDPAA reserve	-	-	-	112,237	-	-	(211,088)	-	-	-
Transfers	1,137,412	1,165,330	1,139,912	1,137,412	1,137,412	862,412	1,606,112	884,025	1,371,845	982,948
Total Governmental Activities	7,770,007	7,718,116	7,938,548	8,364,489	8,767,986	8,510,210	9,807,888	9,719,415	11,779,397	12,137,249
Business-Type Activities										
Unrestricted Investment Earnings	172,961	191,590	244,975	310,021	404,312	177,922	55,873	121,556	785,886	1,005,618
Miscellaneous Revenue	77,229	188,882	71,052	71,503	59,018	58,647	59,354	67,275	79,371	86,385
Gain (loss) on sale of capital assets	-	-	56,553	-	-	2,011	-	-	-	-
Special item change in SDPAA reserve	-	-	-	104,458	-	-	(234,239)	-	-	-
Transfers	(1,137,412)	(1,165,330)	(1,139,912)	(1,137,412)	(1,137,412)	(862,412)	(1,606,112)	(884,025)	(1,371,845)	(982,948)
Total Business-Type Activities	(887,222)	(784,858)	(767,332)	(651,430)	(674,082)	(623,832)	(1,725,124)	(695,194)	(506,588)	109,055
Total Primary Government	\$ 6,882,785	\$ 6,933,258	\$ 7,171,216	\$ 7,713,059	\$ 8,093,904	\$ 7,886,378	\$ 8,082,764	\$ 9,024,221	\$ 11,272,809	\$ 12,246,304
Change in Net Position										
Governmental Activities	\$ 2,472,748	\$ 1,087,846	\$ 2,091,256	\$ 799,646	\$ 550,121	\$ 2,707,471	\$ 5,130,751	\$ 1,755,064	\$ 2,779,033	\$ 5,066,246
Business-Type Activities	550,170	700,518	2,534,984	2,249,648	1,537,791	2,979,939	3,001,506	3,713,491	2,129,260	3,487,638
Total Primary Government	\$ 3,022,918	\$ 1,788,364	\$ 4,626,240	\$ 3,049,294	\$ 2,087,912	\$ 5,687,410	\$ 8,132,257	\$ 5,468,555	\$ 4,908,293	\$ 8,553,884

¹ Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

TABLE 3

CITY OF VERMILLION
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Property Taxes	General Sales Tax 1st Penny	Capital Improvement Sales Tax 2nd Penny	Liquor Lodging & Dining Tax 3rd Penny	Liquor Tax	Total Taxes
2015	\$ 2,164,952	\$ 1,835,176	\$ 1,833,292	\$ 337,878	\$ 65,935	\$ 6,237,233
2016	2,243,266	1,755,050	1,754,076	344,942	68,939	6,166,273
2017	2,315,948	1,825,964	1,825,110	356,695	68,682	6,392,399
2018	2,463,143	1,896,481	1,894,907	325,654	64,622	6,644,807
2019	2,659,569	1,982,104	1,979,828	419,115	69,356	7,109,972
2020	2,784,742	2,006,901	2,003,893	316,396	76,334	7,188,266
2021	2,943,933	2,294,220	2,291,172	423,995	79,265	8,032,585
2022	3,145,655	2,344,081	2,342,302	406,786	81,287	8,320,111
2023	3,411,214	2,644,901	2,641,319	445,328	80,855	9,223,617
2024	\$ 3,630,074	\$ 2,810,507	\$ 2,810,805	\$ 557,899	\$ 77,832	\$ 9,887,117

CITY OF VERMILLION
TAXABLE SALES BY CATEGORY (in thousands)
LAST TEN FISCAL YEARS

Fiscal Year	Agriculture Forestry & Fishing	Transportation							Public Adm.	Other	Total
		Construction	Manufacturing	Electric, Gas & Sanitary Services	Wholesale Trade	Retail Trade	Finance Insurance & Real Estate	Services			
2015	\$ 1,751	\$ 7,832	\$ 6,883	\$ 20,089	\$ 11,826	\$ 140,734	\$ 2,310	\$ 23,098	\$ n/a	\$ 79	\$ 214,602
2016	1,764	5,149	6,698	20,680	9,434	144,676	2,843	22,720	9	52	214,025
2017	1,747	5,855	5,743	21,146	8,941	116,227	3,113	20,988	n/a	6	183,766
2018	1,785	3,871	8,381	21,470	7,794	118,892	3,628	22,616	n/a	-	188,437
2019	1,647	4,809	7,388	21,816	11,995	126,138	2,964	22,646	n/a	13	199,416
2020	1,281	3,981	8,021	19,890	10,394	133,076	3,139	20,770	n/a	12	200,564
2021	1,903	5,280	10,582	17,418	11,611	153,099	4,219	25,953	n/a	5	230,070
2022	1,754	130	9,503	22,701	13,834	140,173	3,852	18,278	15	-	210,240
2023	2,575	130	10,463	22,867	15,256	143,514	3,663	18,426	13	-	216,907
2024	\$ 2,209	\$ 199	\$ 12,967	\$ 20,598	\$ 13,954	\$ 147,656	\$ 4,106	\$ 21,270	\$ 5	\$ -	\$ 222,964

Source: State of South Dakota Department of Revenue and Regulation, Municipal Taxable Sales by City

TABLE 4

CITY OF VERMILLION
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 211,386	\$ 241,102	\$ 243,685	\$ 272,744	\$ 304,427	\$ 300,043	\$ 105,473	\$ 135,075	\$ 116,991	\$ 116,445
Restricted	559,241	1,035,457	1,132,126	635,159	550,644	925,858	720,045	1,131,286	1,557,773	1,022,507
Committed	500,000	500,000	-	-	-	-	-	-	-	-
Assigned	758,914	1,381,962	232,667	331,628	421,811	449,121	-	-	-	-
Unassigned	2,048,052	1,728,756	2,537,037	2,333,814	2,345,762	3,416,115	3,754,663	4,236,994	5,274,965	5,574,758
Total General Fund	<u>4,077,593</u>	<u>4,887,277</u>	<u>4,145,515</u>	<u>3,573,345</u>	<u>3,622,644</u>	<u>5,091,137</u>	<u>4,580,181</u>	<u>5,503,355</u>	<u>6,949,729</u>	<u>6,713,710</u>
All Other Governmental Funds										
Restricted	4,474,845	4,596,863	2,024,747	2,182,644	2,540,648	3,055,823	1,748,560	2,052,442	2,390,086	2,460,330
Committed	3,186,983	4,000,498	3,966,799	4,681,839	5,108,620	5,748,649	5,599,716	5,002,471	5,324,199	6,520,926
Unassigned	(250,396)	(765,612)	(645,791)	(505,819)	(239,810)	(151,175)	(647,231)	(235,217)	(189,563)	(920,199)
Total All Other Governmental Funds ¹	<u>7,411,432</u>	<u>7,831,749</u>	<u>5,345,755</u>	<u>6,358,664</u>	<u>7,409,458</u>	<u>8,653,297</u>	<u>6,701,045</u>	<u>6,819,696</u>	<u>7,524,722</u>	<u>8,061,057</u>
Total Governmental Funds										
Nonspendable	211,386	241,102	243,685	272,744	304,427	300,043	105,473	135,075	116,991	116,445
Restricted	5,034,086	5,632,320	3,156,873	2,817,803	3,091,292	3,981,681	2,468,605	3,183,728	3,947,859	3,482,837
Committed	3,686,983	4,500,498	3,966,799	4,681,839	5,108,620	5,748,649	5,599,716	5,002,471	5,324,199	6,520,926
Assigned	758,914	1,381,962	232,667	331,628	421,811	449,121	-	-	-	-
Unassigned	1,797,656	963,144	1,891,246	1,827,995	2,105,952	3,264,940	3,107,432	4,001,777	5,085,402	4,654,559
Total Governmental Funds	<u>\$ 11,489,025</u>	<u>\$ 12,719,026</u>	<u>\$ 9,491,270</u>	<u>\$ 9,932,009</u>	<u>\$ 11,032,102</u>	<u>\$ 13,744,434</u>	<u>\$ 11,281,226</u>	<u>\$ 12,323,051</u>	<u>\$ 14,474,451</u>	<u>\$ 14,774,767</u>

¹ The fluctuations in the fund balance result from construction projects in which funds are spent in one year and reimbursed in another fiscal year.

TABLE 5

CITY OF VERMILLION
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 6,381,721	\$ 6,473,105	\$ 6,591,352	\$ 6,825,197	\$ 7,423,019	\$ 7,450,978	\$ 8,303,383	\$ 8,556,932	\$ 9,427,323	\$ 10,255,163
Licenses & Permits	309,643	259,879	257,068	308,989	239,969	267,498	246,244	402,532	259,880	332,469
Intergovernmental Revenue	1,647,009	1,446,020	1,626,056	1,119,653	1,229,838	3,355,530	3,758,280	1,390,678	1,766,946	4,385,473
Charges for Goods & Services	537,570	529,998	672,814	760,137	723,221	540,973	861,951	804,327	914,240	760,054
Fines & Forfeits	46,860	46,913	53,920	50,825	46,434	23,122	30,675	28,160	31,951	35,632
Public Payments for Improvements	97,712	-	-	-	-	-	-	-	-	-
Investment Earnings	27,569	82,936	120,154	79,058	157,341	185,901	200,276	36,157	326,152	610,393
Rentals	23,709	23,990	23,740	21,490	21,300	22,117	21,977	20,912	19,812	17,348
Special Assessments	47,345	265,888	211,784	34,273	27,676	106,741	13,140	38,372	48,519	83,948
Contributions & Donations	134,998	53,676	64,254	52,239	49,989	48,263	51,444	70,480	52,740	86,667
Miscellaneous	113,360	171,654	184,569	204,211	202,897	193,361	222,783	237,232	588,542	338,399
Total Revenues	9,367,496	9,354,059	9,805,711	9,456,072	10,121,684	12,194,484	13,710,153	11,585,782	13,436,105	16,905,546
Expenditures										
General Government	1,203,393	1,237,972	1,206,431	1,243,988	1,282,675	1,313,553	1,350,031	1,351,709	1,557,882	1,685,227
Public Safety	2,400,431	2,437,905	2,644,590	2,779,644	2,869,504	2,920,472	3,049,048	3,104,144	3,154,131	3,269,813
Public Works	1,072,502	1,118,983	1,121,661	1,157,861	1,235,777	1,002,340	1,086,377	1,293,261	1,599,469	1,271,776
Health and Welfare	523,881	522,535	561,360	654,804	718,983	764,595	765,425	823,454	1,028,702	1,085,751
Culture-Recreation	1,100,075	1,112,291	1,263,600	1,403,907	1,386,395	1,160,248	1,468,609	1,686,756	1,769,955	1,954,642
Conservation and Development	492,999	585,343	542,244	637,238	642,591	906,139	768,107	871,174	844,176	933,457
Debt Service										
Principal	215,785	370,000	2,920,000	445,301	516,568	572,186	653,359	766,038	920,684	1,098,565
Interest	266,768	339,215	322,121	194,416	187,488	175,533	196,992	207,568	185,601	162,161
Bond Issuance Costs	-	64,623	-	-	-	-	16,250	-	-	-
Capital Outlay	1,226,090	4,575,651	3,591,455	1,664,645	1,326,480	1,022,497	10,667,005	1,648,627	1,509,866	6,429,393
Total Expenditures	8,501,924	12,364,518	14,173,462	10,181,804	10,166,461	9,837,563	20,021,203	11,752,731	12,570,466	17,890,785
Excess of Revenues over (under) Expenditures	865,572	(3,010,459)	(4,367,751)	(725,732)	(44,777)	2,356,921	(6,311,050)	(166,949)	865,639	(985,239)
Other Financing Sources (Uses)										
Transfer In	2,686,044	2,091,180	4,425,850	3,183,240	2,818,811	2,341,282	5,300,101	4,281,653	2,482,111	6,118,869
Transfer Out	(1,554,632)	(975,568)	(3,288,438)	(2,045,828)	(1,686,929)	(1,978,870)	(3,737,689)	(3,102,481)	(1,178,266)	(4,784,160)
Proceeds from Sale of Bonds	2,695,000	3,095,132	-	-	-	-	2,480,000	-	-	-
Total Other Financing Sources (Uses)	3,826,412	4,210,744	1,137,412	1,137,412	1,131,882	362,412	4,042,412	1,179,172	1,303,845	1,334,709
Special Item:										
Change in SDPAA reserves:	-	-	-	112,237	-	-	(211,088)	-	-	-
Net Change in Fund Balances	\$ 4,691,984	\$ 1,200,285	\$ (3,230,339)	\$ 523,917	\$ 1,087,105	\$ 2,719,333	\$ (2,479,726)	\$ 1,012,223	\$ 2,169,484	\$ 349,470
Change in Inventory	\$ (13,580)	\$ 29,716	\$ 2,583	\$ (2,657)	\$ 12,988	\$ (7,001)	\$ 16,518	\$ 29,602	\$ (18,084)	\$ (546)
Debt Service as a percentage of non-capital expenditures	6.63%	9.11%	30.64%	7.51%	7.96%	8.48%	9.09%	9.64%	10.00%	10.67%

TABLE 6

CITY OF VERMILLION
 ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS

Fiscal Year	Taxable Value Residential Property	Taxable Value Commercial Property	Total Taxable Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
2015	\$ 189,917,845	\$ 170,234,195	\$ 360,152,040	\$ 6.11	\$ 423,708,282	85%
2016	196,422,141	180,539,800	376,961,941	5.98	443,484,636	85%
2017	212,376,071	187,397,612	399,773,683	5.869	470,321,980	85%
2018	225,343,435	191,894,601	417,238,036	5.891	490,868,278	85%
2019	227,619,818	191,867,543	419,487,361	6.102	493,514,542	85%
2020	245,625,956	204,822,023	450,447,979	5.980	529,938,799	85%
2021	267,039,656	224,631,079	491,670,735	5.701	578,436,159	85%
2022	285,827,675	248,222,362	534,050,037	5.563	628,294,161	85%
2023	325,582,422	277,986,126	603,568,548	5.167	710,080,645	85%
2024	\$ 377,098,028	\$ 312,377,451	\$ 689,475,479	\$ 5.002	\$ 811,147,622	85%

Received from Clay County Treasurer.

TABLE 7

CITY OF VERMILLION
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Assessed Value)
LAST TEN YEARS

Fiscal Year	City of Vermillion			Overlapping Rates							Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Clay County			Vermillion School District				
				Operating Millage	Debt Millage	Total County Millage	Operating Millage	Debt Millage	Total School Millage	Special Districts	
2015 a	6.114	-	6.114	4.445	-	4.445	15.991	0.398	16.389	0.031	26.979
b	6.114	-	6.114	4.445	-	4.445	9.877	0.398	10.275	0.031	20.865
2016 a	5.982	-	5.982	4.294	-	4.294	14.834	0.378	15.212	0.029	25.517
b	5.982	-	5.982	4.294	-	4.294	9.660	0.378	10.038	0.029	20.343
2017 a	5.869	-	5.869	4.172	-	4.172	13.694	0.364	14.058	0.030	24.129
b	5.869	-	5.869	4.172	-	4.172	8.935	0.364	9.299	0.030	19.370
2018 a	5.891	-	5.891	4.175	-	4.175	13.576	-	13.576	0.030	23.672
b	5.891	-	5.891	4.175	-	4.175	8.848	-	8.848	0.030	18.944
2019 a	6.102	-	6.102	4.315	-	4.315	13.537	-	13.537	0.031	23.985
b	6.102	-	6.102	4.315	-	4.315	8.904	-	8.904	0.031	19.352
2020 a	5.980	-	5.980	4.337	-	4.337	13.151	-	13.151	0.031	23.499
b	5.980	-	5.980	4.337	-	4.337	8.647	-	8.647	0.031	18.995
2021 a	5.701	-	5.701	4.941	-	4.941	13.090	1.567	14.657	0.032	25.331
b	5.701	-	5.701	4.941	-	4.941	8.733	1.567	10.300	0.032	20.974
2022 a	5.563	-	5.563	6.132	-	6.132	12.494	1.480	13.974	0.030	25.699
b	5.563	-	5.563	6.132	-	6.132	8.332	1.480	9.812	0.030	21.537
2023 a	5.167	-	5.167	4.496	1.822	6.318	11.872	1.365	13.237	0.029	24.751
b	5.167	-	5.167	4.496	1.822	6.318	7.912	1.365	9.277	0.029	20.791
2024 a	5.002	-	5.002	5.749	1.739	7.488	12.472	1.295	13.767	0.030	26.287
b	5.002	-	5.002	5.749	1.739	7.488	8.86	1.295	10.155	0.030	22.675
a	Non Owner Occupied										
b	Owner Occupied										

Received from Clay County Treasurer.

TABLE 8

CITY OF VERMILLION
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2024			2015		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuations	Assessed Valuation	Rank	Percentage of Total Assessed Valuations
Tailwind Vermillion, LLC	\$ 17,346,377	1	2.14%	\$ -	-	-
Polaris Industries, Inc.	13,157,049	2	1.62%	6,416,124	2	1.51%
Wal-Mart Real Estate	8,573,382	3	1.06%	6,836,090	1	1.62%
JH Investments, LLC	8,171,970	4	1.01%	5,531,769	3	1.31%
Vermillion Heights	7,732,433	5	0.95%	-	-	-
Vermillion Chamber of Commerce	6,358,330	6	0.78%	-	-	-
Coyote Rental Properties, LLC	6,132,410	7	0.76%	-	-	-
MMB Investments, LLC	5,586,514	8	0.69%	-	-	-
Three Sisters LLC	4,584,203	9	0.57%	-	-	-
First Dakota National Bank	4,531,049	10	0.56%	-	-	-
Hatle Investments	-	-	-	3,078,917	4	0.73%
William R. Wood	-	-	-	2,944,148	5	0.69%
MarketPlace Vermillion, LLC	-	-	-	2,224,870	6	0.53%
Hogen Hause Properties LLC	-	-	-	2,212,690	7	0.52%
TMBL LLC	-	-	-	2,128,376	8	0.50%
East River Properties LLC	-	-	-	1,976,313	9	0.47%
ARC LLC	-	-	-	1,870,275	10	0.44%
Total Principal Taxpayers	82,173,717		10.14%	35,219,572		8.32%
All Other Taxpayers	728,973,905		89.86%	388,488,710		91.68%
Total Assessed Valuation	<u>\$ 811,147,622</u>		<u>100%</u>	<u>\$ 423,708,282</u>		<u>100%</u>

Received from Clay County Treasurer.

TABLE 9

CITY OF VERMILLION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Subsequent Years Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy	Outstand. Delinquent Taxes	Percentage of Delinq. Taxes to Tax Levy
2015	\$ 2,138,526	\$ 2,114,001	98.85%	\$ 23,930	\$ 2,137,931	99.97%	\$ 595	0.03%
2016	2,188,390	2,168,494	99.09%	18,938	2,187,432	99.96%	959	0.04%
2017	2,233,128	2,216,302	99.25%	15,878	2,232,179	99.96%	948	0.04%
2018	2,302,600	2,284,563	99.22%	17,456	2,302,019	99.97%	581	0.03%
2019	2,386,651	2,364,994	99.09%	21,071	2,386,065	99.98%	586	0.02%
2020	2,477,020	2,463,052	99.44%	13,391	2,476,443	99.98%	577	0.02%
2021	2,589,782	2,577,607	99.53%	11,093	2,588,700	99.96%	1,082	0.04%
2022	2,685,343	2,673,227	99.55%	10,511	2,683,738	99.94%	1,605	0.06%
2023	2,833,516	2,819,665	99.51%	7,470	2,827,135	99.77%	6,381	0.23%
2024	\$ 2,976,410	\$ 2,952,467	99.20%	\$ -	\$ 2,952,467	99.20%	\$ 23,943	0.80%

TABLE 10

CITY OF VERMILLION
SPECIAL ASSESSMENTS BILLINGS & COLLECTIONS
LAST TEN YEARS

Year	Special Assessments Outstanding	Assessments Added	Assessment Paid or Cancelled	Ratio of Collection To Amount Outstanding	Total Outstanding Assessments December 31*
2015	\$ 128,477	\$ 411,842	\$ 38,194	29.73%	\$ 502,125
2016	502,125	2,645	218,061	43.43%	286,709
2017	286,709	15,590	183,518	64.01%	118,781
2018	118,781	7,206	19,449	16.37%	106,538
2019	106,538	506	54,573	51.22%	52,471
2020	52,471	84,283	41,097	78.32%	95,656
2021	95,656	-	22,620	23.65%	73,036
2022	73,036	450,000	31,446	43.06%	491,590
2023	491,590	6,394	59,781	12.16%	438,203
2024	\$ 438,203	\$ -	\$ 75,763	17.29%	\$ 362,440

*Amount on financial statement is shown net of allowance for uncollectible special assessments

TABLE 11

CITY OF VERMILLION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	General Obligation Bonds	Capital Leases	Notes Payable	Lease Agreements	Revenue Bonds	Notes Payable	Capital Leases	Lease Agreements			
2015	\$ 1,732,000	\$ -	\$ 5,710,000	\$ -	\$ -	\$ 18,075,352	\$ 203,525	\$ 166,602	\$ -	\$ 25,887,479	6.60%	2,411
2016	1,732,000	2,936,836	5,490,000	-	-	17,113,566	139,636	144,198	-	27,556,236	6.42%	2,566
2017	1,732,000	2,804,041	2,695,000	-	-	20,316,724	232,743	121,065	-	27,901,573	8.97%	2,573
2018	1,691,699	2,671,505	2,415,000	-	-	19,524,347	194,650	-	-	26,497,201	7.89%	2,458
2019	1,580,131	2,538,969	2,135,000	-	-	16,157,736	144,556	-	-	22,556,392	6.10%	2,134
2020	1,422,945	2,402,442	1,850,000	-	-	14,784,655	93,387	-	-	20,553,429	5.29%	1,826
2021	3,674,587	2,261,856	1,560,000	-	-	14,674,039	69,957	-	-	22,240,439	4.37%	1,902
2022	3,343,548	2,121,943	-	1,260,000	4,717	13,202,136	46,055	-	66,145	20,044,544	6.85%	1,682
2023	2,864,550	1,981,890	-	955,000	3,127	11,748,563	\$ 22,729	-	17,548	17,593,407	5.89%	1,459
2024	\$ 2,222,267	\$ 1,836,274	\$ -	\$ 640,000	\$ 6,726	\$ 12,376,030	\$ -	\$ -	\$ 303,963	\$ 17,385,260	4.95%	1,424

TABLE 12

CITY OF VERMILLION
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund ¹	Total	Percentage of Estimated Actual ² Taxable Value of Property	Per Capita ³
2015	\$ -	\$ -	\$ -	-	-
2016	2,836,836	21,601	2,815,235	0.75%	262
2017	2,804,041	30,330	2,773,711	0.69%	256
2018	2,671,505	48,534	2,622,971	0.63%	243
2019	2,538,969	68,881	2,470,088	0.59%	234
2020	2,402,442	90,998	2,311,444	0.51%	205
2021	2,261,856	90,998	2,170,858	0.44%	186
2022	2,121,943	90,998	2,030,945	0.38%	170
2023	1,981,890	90,998	1,890,892	0.31%	157
2024	\$ 1,836,274	\$ 90,998	\$ 1,745,276	0.25%	143

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Amount Available for Debt Service Fund relates to the Prentis Park Improvement Debt Service Fund as this fund

¹ Services the General Obligation Bond payments.

² See the Table of Assessed Values and Taxable Value of Taxable Property for property value data.

³ Population data used was the estimated census from the year 2024 of 12,205.

TABLE 13

CITY OF VERMILLION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2024

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable To This Governmental Unit ¹	City's Share of Debt
School District	\$ -	69.78%	\$ -
City of Vermillion direct debt			<u>4,705,267</u>
Total Direct and Overlapping Debt			<u>\$ 4,705,267</u>

Assessed value data used to estimate applicable percentages provided by the Clay County Director of Equalization. Debt outstanding provided by the Vermillion School District.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Vermillion. This process recognizes that, when considering the government's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using the taxable property values. Applicable percentages were estimated by determining the portion the City's taxable value that is within the government's boundaries and dividing it by the School District's total taxable property value.

TABLE 14

CITY OF VERMILLION
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 21,185,414	\$ 22,174,232	\$ 23,516,099	\$ 24,543,414	\$ 24,723,164	\$ 26,496,940	\$ 28,921,808	\$ 31,414,708	\$ 35,504,032	\$ 40,557,381
Total, net debt applicable to limit	7,785,291	10,192,244	9,805,549	9,536,824	8,796,879	7,940,843	10,835,346	11,142,285	10,532,408	9,110,954
Legal Debt Margin	\$ 13,400,123	\$ 11,981,988	\$ 13,710,550	\$ 15,006,590	\$ 15,926,285	\$ 18,556,097	\$ 18,086,462	\$ 20,272,423	\$ 24,971,624	\$ 31,446,427
Total net debt applicable to limit as a percentage of debt limit	36.75%	45.96%	41.70%	38.86%	35.58%	29.97%	37.46%	35.47%	29.67%	22.46%
Total 2024 Taxable Value										
Assessed Value	\$ 689,475,479									
Debt Limit - 5% of Assessed Value	<u>811,147,622</u>									
	<u>40,557,381</u>									
Total Bonded Debt, Long-Term Notes Payable, and Lease Agreements	17,385,260									
Less:										
Amount set aside for repayment of debt										
Joint Powers Revenue Bonds	(15,582)									
Prentis Park Improvement Reserve	(90,998)									
Wastewater Revenue Bonds	(658,597)									
Tax Incremental Revenue Bonds	(8,944)									
Bonds funded with a surcharge fee										
Electric Surcharge Bond, 2016	(2,646,928)									
Electric Surcharge Refunding Revenue Bond, Series 2019	(1,510,000)									
Wastewater Revenue Bond, Series 2008 (SRF)	(1,460,268)									
Water Utility Bond, Series 2006 (SRF)	(679,102)									
Water Utility Bond, Series 2024 (SRF)	<u>(1,203,887)</u>									
	<u>(8,274,306)</u>									
	<u>9,110,954</u>									
	\$ <u>31,446,427</u>									

TABLE 15

CITY OF VERMILLION
REVENUE BOND COVERAGE
ELECTRIC ENTERPRISE
LAST TEN FISCAL YEARS¹

Fiscal Year	Net Revenue	Direct Operating Expenses	Depr./Amort. Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depr./Amort.	Coverage Without Depr./Amort.
2015 ²	\$ 717,330	\$ -	\$ -	\$ 717,330	\$ 200,000	\$ 371,163	\$ 571,163	1.26	\$ 717,330	1.26
2016	728,564	-	-	728,564	205,000	367,463	572,463	1.27	728,564	1.27
2017	697,522	-	-	697,522	210,000	354,045	564,045	1.24	697,522	1.24
2017	332,464	-	-	332,464	170,000	109,590	279,590	1.19	332,464	1.19
2018	734,927	-	-	734,927	220,000	344,490	564,490	1.30	734,927	1.30
2018	350,292	-	-	350,292	150,000	127,143	277,143	1.26	350,292	1.26
2019	226,358	-	-	226,358	115,000	17,489	132,489	1.71	226,358	1.71
2019	348,157	-	-	348,157	155,000	124,668	279,668	1.24	348,157	1.24
2020	534,305	-	-	534,305	325,000	76,248	401,248	1.33	534,305	1.33
2020	349,353	-	-	349,353	155,000	121,800	276,800	1.26	349,353	1.26
2021	552,580	-	-	552,580	325,000	74,535	399,535	1.38	552,580	1.38
2021	361,302	-	-	361,302	160,000	119,222	279,222	1.29	361,302	1.29
2022	562,917	-	-	562,917	335,000	64,835	399,835	1.41	562,917	1.41
2022	368,061	-	-	368,061	165,000	115,685	280,685	1.31	368,061	1.31
2023	567,359	-	-	567,359	345,000	54,885	399,885	1.42	567,359	1.42
2023	370,966	-	-	370,966	165,000	111,640	276,640	1.34	370,966	1.34
2024	477,680	-	-	477,680	360,000	44,535	404,535	1.18	477,680	1.18
2024 ³	\$ 312,330	\$ -	\$ -	\$ 312,330	\$ 170,000	\$ 107,350	\$ 277,350	1.13	\$ 312,330	1.13

¹ GAAP Basis² Starting in 2009 a surcharge was pledged for debt service for the 2009 revenue bond that was refunded in Sept 2019

The amounts reported in 2019 are for the refunding bond

³ Starting in 2016 a surcharge fee was pledged for debt service

TABLE 16

CITY OF VERMILLION
REVENUE BOND COVERAGE
WATER ENTERPRISE
LAST TEN FISCAL YEARS¹

Fiscal Year	Net Revenue	Direct Operating Expenses	Depr./Amort. Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depr./Amort.	Coverage Without Depr./Amort.
2015	² \$ 1,472,537	\$ 1,425,059	\$ 320,596	\$ 47,478	\$ 130,052	\$ 56,423	\$ 186,475	0.25	\$ 368,074	1.97
2015	³ 272,428	-	-	272,428	172,054	63,615	235,669	1.16	272,428	1.16
2016	² 1,556,304	1,425,552	323,480	130,752	134,570	52,532	187,101	0.70	454,232	2.43
2016	³ 266,619	-	-	266,619	176,396	59,273	235,669	1.13	266,619	1.13
2017	² 1,624,652	1,365,670	324,855	258,982	138,029	48,445	186,474	1.39	583,837	3.13
2017	³ 266,591	-	-	266,591	180,847	54,821	235,668	1.13	266,591	1.13
2018	² 1,588,495	1,640,325	331,058	(51,830)	142,208	44,267	186,475	(0.28)	279,228	1.50
2018	³ 268,298	-	-	268,298	185,410	12,130	197,540	1.36	268,298	1.36
2019	² 1,544,327	1,586,778	337,667	(42,451)	146,518	39,957	186,475	(0.23)	295,216	1.58
2019	³ 279,083	-	-	279,083	190,090	45,579	235,669	1.18	279,083	1.18
2020	² 1,696,083	1,640,000	345,695	56,083	150,965	35,510	186,475	0.30	401,778	2.15
2020	³ 283,423	-	-	283,423	194,887	40,782	235,669	1.20	283,423	1.20
2021	² 1,784,265	1,616,585	355,104	167,680	155,552	30,923	186,475	0.90	522,784	2.80
2021	³ 288,176	-	-	288,176	199,805	35,864	235,669	1.22	288,176	1.22
2022	² 1,813,879	1,897,254	361,567	(83,375)	160,284	26,191	186,475	(0.45)	278,192	1.49
2022	³ 286,769	-	-	286,769	204,847	30,822	235,669	1.22	286,769	1.22
2023	² 1,854,522	2,130,236	361,547	(275,714)	165,167	21,308	186,475	(1.48)	85,833	0.46
2023	³ 270,610	-	-	270,610	210,016	25,652	235,668	1.15	270,610	1.15
2024	² 2,060,081	2,234,404	340,663	(174,323)	117,462	44,465	161,927	(1.08)	166,340	1.03
2024	³ \$ 272,914	-	-	272,914	\$ 215,318	\$ 20,352	235,670	1.16	\$ 272,914	1.16

¹ GAAP Basis² Bond obligations not covered with surcharge pledge³ Starting in 2007 bonds were paid with surcharge pledge

TABLE 17

CITY OF VERMILLION
REVENUE BOND COVERAGE
WASTEWATER ENTERPRISE
LAST TEN FISCAL YEARS¹

Fiscal Year	Net Revenue	Direct Operating Expenses	Depr./Amort. Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depr./Amort.	Coverage Without Depr./Amort.
2015	² \$ 1,522,200	\$ 1,597,135	\$ 608,699	\$ (74,935)	\$ 199,209	\$ 52,622	\$ 251,831	(0.30)	\$ 533,764	2.12
2015	³ 330,834	-	-	330,834	178,365	112,648	291,013	1.14	330,834	1.14
2016	² 1,588,446	1,579,871	603,434	8,575	200,377	50,132	250,509	0.03	612,009	2.44
2016	³ 332,122	-	-	332,122	184,233	106,780	291,013	1.14	332,122	1.14
2017	² 1,624,450	1,623,121	606,665	1,329	200,847	47,279	248,126	0.01	607,994	2.45
2017	³ 335,576	-	-	335,576	190,294	100,720	291,014	1.15	335,576	1.15
2018	² 1,685,574	1,665,839	620,130	19,735	206,707	44,168	250,875	0.08	639,865	2.55
2018	³ 336,636	-	-	336,636	196,555	94,459	291,014	1.16	336,636	1.16
2019	² 1,724,369	1,834,867	643,284	(110,498)	233,431	83,665	317,096	(0.35)	532,786	1.68
2019	³ 353,860	-	-	353,860	203,021	87,993	291,014	1.22	353,860	1.22
2020	² 1,700,301	1,646,155	588,512	54,146	242,030	58,973	301,003	0.18	642,658	2.14
2020	³ 349,596	-	-	349,596	209,700	81,314	291,014	1.20	349,596	1.20
2021	² 1,687,854	1,544,128	518,872	143,726	248,846	53,641	302,487	0.48	662,598	2.19
2021	³ 346,159	-	-	346,159	216,599	74,415	291,014	1.19	346,159	1.19
2022	² 1,777,722	1,661,892	524,825	115,830	288,013	47,470	335,483	0.35	640,655	1.91
2022	³ 362,329	-	-	362,329	223,724	67,289	291,013	1.25	362,329	1.25
2023	² 1,893,470	1,710,772	535,683	182,698	244,439	40,523	284,962	0.64	718,381	2.52
2023	³ 376,226	-	-	376,226	231,084	59,929	291,013	1.29	376,226	1.29
2024	² 2,177,177	2,265,236	553,717	(88,059)	250,788	34,466	285,254	(0.31)	465,658	1.63
2024	³ \$ 398,918	\$ -	\$ -	\$ 398,918	\$ 238,686	\$ 52,327	\$ 291,013	1.37	\$ 398,918	1.37

¹ GAAP Basis² Bond obligations not covered with surcharge pledge³ Starting in 2010 a surcharge fee was pledged for the debt service

TABLE 18

CITY OF VERMILLION
REVENUE BOND COVERAGE
CURBSIDE RECYCLING ENTERPRISE
LAST TEN FISCAL YEARS¹

Fiscal Year	Net Revenue	Direct Operating Expenses	Depr./Amort. Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depr./Amort.	Coverage Without Depr./Amort.
2015	\$ 108,267	\$ 97,575	\$ 2,495	\$ 10,692	\$ 8,050	\$ 358	\$ 8,408	1.27	\$ 13,187	1.57
2016	115,386	106,990	2,495	8,396	8,253	155	8,408	1.00	10,891	1.30
2017	123,824	100,927	2,495	22,897	-	-	-	-	25,392	-
2018	125,986	117,051	3,583	8,935	956	132	1,088	8.21	12,518	11.51
2019	129,473	139,668	3,425	(10,195)	1,941	170	2,111	(4.83)	(6,770)	(3.21)
2020	106,891	138,116	2,177	(31,225)	1,979	132	2,111	(14.79)	(29,048)	(13.76)
2021	133,834	111,007	2,178	22,827	2,019	92	2,111	10.81	25,005	11.85
2022	137,630	107,324	2,177	30,306	2,060	53	2,113	14.34	32,483	15.37
2023	135,840	150,007	2,177	(14,167)	1,045	9	1,054	(13.44)	(11,990)	(11.38)
2024	\$ 142,891	\$ 142,480	\$ 2,177	\$ 411	\$ -	\$ -	\$ -	-	\$ 2,588	-

¹ GAAP Basis

TABLE 19

CITY OF VERMILLION
PRINCIPAL EMPLOYERS
DECEMBER 31, 2024 and DECEMBER 31, 2015

Employer	Type of Business	2024			2015		
		# of Employees	Rank	Percentage of Total City Employees	# of Employees	Rank	Percentage of Total City Employees
University of South Dakota	Higher Education	1,290	1	21.23%	1,304	1	22.48%
Sanford Vermillion Medical Center	Medical	343	2	5.65%	240	2	4.14%
Wal-Mart	Retail	230	3	3.79%	225	3	3.88%
Sodexo	Food	220	4	3.62%	-	-	0.00%
Vermillion Public School	Education	194	5	3.19%	174	5	3.00%
Polaris Industries	Parts Distribution	167	6	2.75%	200	4	3.45%
Masaba Mining Equipment	Manufacturing	151	7	2.49%	106	8	1.83%
SESDAC	Education/Training	115	8	1.89%	145	7	2.50%
City of Vermillion	Government	112	9	1.84%	105	9	1.81%
Hy-Vee	Retail	90	10	1.48%	170	6	2.93%
Totals		<u>2,912</u>		<u>47.93%</u>	<u>2,669</u>		<u>46.02%</u>
Other Employers		<u>3,163</u>		<u>52.07%</u>	<u>3,132</u>		<u>53.98%</u>
Total Employers		<u>6,075</u>		<u>100%</u>	<u>5,801</u>		<u>100%</u>

Information in the table was provided from the Vermillion Area Chamber & Development Company and the South Dakota Department of Labor & Regulation

TABLE 20

CITY OF VERMILLION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Calendar Year	Population ¹	Total Personal Income	Per Capita Personal Income ²	Educational Attainment Bachelor's Degree or Higher ¹	Median Age ¹	Public School Enrollment ³	University of South Dakota Enrollment ⁴	Unemployment Rate ⁵
2015	10,738	\$ 392,033,642	\$ 36,509	2,143	n/a	1,208	9,971	3.10%
2016	10,738	429,520,000	40,000	2,107	24.9	1,179	10,038	2.90%
2017	10,844	311,114,360	28,690	2,556	23.0	1,204	10,261	3.60%
2018	10,778	335,788,590	31,155	n/a	23.0	1,200	10,066	3.40%
2019	10,571	369,689,012	34,972	2,650	22.9	1,260	9,920	3.50%
2020	11,254	388,454,318	34,517	n/a	22.9	1,296	9,459	3.00%
2021	11,695	509,118,435	43,533	2,653	23.0	1,286	9,464	2.60%
2022	11,919	292,432,665	24,535	2,614	23.3	1,391	9,856	2.70%
2023	12,061	298,883,641	24,781	2,110	23.1	1,436	9,868	2.00%
2024	12,205	\$ 350,893,750	\$ 28,750	1,196	22.9	1,432	10,619	1.60%

¹ World Population Review

² United States Census Bureau - QuickFacts

³ National Center for Education Statistics

⁴ USD website - USD Enrollment Dashboard

⁵ South Dakota Dept. of Labor & Regulation

n/a - This data was unavailable at the time of the report

TABLE 21

CITY OF VERMILLION
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General										
Executive	3.20	2.36	2.48	2.87	3.01	3.00	2.68	3.01	2.69	2.65
Finance	6.00	5.75	6.00	5.86	5.91	6.00	5.87	5.90	6.27	6.27
Engineering	3.88	4.14	4.01	3.95	4.00	4.08	4.03	4.03	3.74	4.36
Service Center	2.16	1.86	1.95	2.09	2.08	2.07	1.69	0.33	1.31	1.60
Public Safety										
Police Administration	4.69	3.29	4.97	4.88	6.00	5.89	6.04	5.05	5.72	6.95
Police Patrol	16.36	15.19	18.57	16.38	15.29	15.44	14.29	12.81	20.46	18.95
Communications	7.94	7.84	8.07	8.51	8.79	8.90	8.52	11.01	12.92	13.08
Fire	1.34	1.16	1.98	1.98	2.00	2.00	2.00	2.01	1.65	2.02
Public Works										
Street Department	7.32	7.53	7.63	8.26	8.16	6.16	6.19	4.46	7.12	6.90
Carpentry	0.24	0.10	0.20	0.08	0.15	0.15	1.30	-	-	-
Health & Welfare										
Code Compliance	3.00	2.70	2.95	2.87	2.94	2.89	2.74	3.00	3.03	2.93
Ambulance	5.72	3.61	3.65	5.30	6.43	7.69	6.11	4.02	5.86	6.05
Culture-Recreation										
Pool	4.06	3.48	6.37	6.25	6.60	-	9.95	6.70	8.31	11.49
Recreation	3.68	4.53	4.10	5.51	5.25	3.44	5.62	5.91	4.72	5.85
Libraries	7.77	8.24	8.10	8.06	8.39	8.29	8.68	6.31	8.81	8.70
Parks	3.75	4.23	4.26	4.67	4.53	4.19	4.97	4.60	4.51	4.91
Electric	10.49	10.64	10.66	10.29	9.86	9.64	9.19	9.17	9.24	9.19
Water	8.18	8.36	8.44	8.15	7.80	8.44	8.05	8.50	10.45	10.25
Wastewater	6.04	5.75	6.31	6.66	6.82	6.30	6.37	5.76	6.61	6.81
Golf	9.50	9.67	9.17	9.18	8.99	8.70	10.01	7.31	12.62	9.94
Joint Powers	10.20	9.88	10.13	10.59	10.90	10.32	10.72	10.24	10.28	11.12
Curbside Recycling	2.00	2.07	1.92	1.94	2.02	2.05	1.84	1.03	1.74	1.98
Internal Service										
Custodial	2.34	2.56	1.16	0.98	1.00	1.00	1.00	1.00	0.81	0.82
Technology	-	-	-	-	-	-	-	0.21	1.00	1.01
	<u>129.86</u>	<u>124.94</u>	<u>133.08</u>	<u>135.31</u>	<u>136.92</u>	<u>126.64</u>	<u>137.86</u>	<u>122.37</u>	<u>149.87</u>	<u>153.83</u>

Information in table provided from City of Vermillion payroll database.

TABLE 22

CITY OF VERMILLION
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Non-Traffic Violations	530	406	513	502	396	238	292	4,455	4,029	3,555
Traffic Violations	812	577	638	805	569	274	366	1,060	1,816	1,961
Parking Violations	1,825	1,627	1,965	1,742	1,765	1,089	1,418	1,152	1,328	1,037
Fire										
Structure Fires	7	12	11	7	19	6	7	10	17	5
Other Fires & Incident Calls	181	188	189	190	177	185	200	240	295	318
Ambulance										
Total Calls	870	770	950	1,105	893	846	998	1,025	984	906
Total Standby	50	20	40	37	40	19	32	28	37	28
Code Compliance										
Rental Housing Inspections	1,128	1,181	1,266	1,432	1,269	677	1,208	440	315	480
Building Permits - Single Family	16	24	20	10	12	13	12	6	3	12
Building Permits - Multiple Family	10	3	2	10	3	6	3	0	1	1
Building Permits - Commercial	6	1	0	3	1	1	3	1	1	8
Value of New Construction	\$ 29,966,297	\$ 12,301,524	\$ 12,580,480	\$ 41,235,246	\$ 8,490,844	\$ 25,305,135	\$ 33,261,564	\$ 44,003,266	\$ 42,217,493	\$ 34,299,623
Municipal Garage										
Service Jobs	193	215	194	205	197	188	188	177	216	191
Repairs	336	363	222	371	370	362	284	210	321	309
Library										
Circulation	107,797	93,256	85,075	57,625	59,193	64,575	61,833	61,767	63,324	63,588
Number of Cardholders	4,653	5,242	5,707	6,315	6,665	6,904	4,107	4,045	3,910	4,588
Swimming Pool										
Swim Lesson Participants	314	314	357	373	318	0	360	374	387	365
Lap Swim/Water Walking Participants	0	0	3,200	4,091	6,605	0	4,300	3,715	3,428	3,671
Open Swim Participants	13,600	10,400	37,510	33,055	34,987	0	35,933	32,551	31,289	31,174
Parks & Recreation										
Fall/Winter Participants	1,363	1,342	1,333	1,425	1,177	911	1,068	1,117	1,839	1,347
Summer Participants	2,386	1,284	1,348	1,293	1,215	890	1,311	1,392	7,572	7,454
Electric										
Total Number of Meters	4,617	4,689	4,699	4,700	4,858	4,876	4,981	5,028	5,010	1,079
Total Metered (Kilowatts)	64,939,075	66,379,346	65,189,003	66,684,798	68,265,993	68,500,615	70,868,892	72,168,864	72,738,360	71,854,111
Summer Peak Demand (Kilowatts)	14,915	15,966	16,261	16,610	16,509	17,189	17,990	18,098	19,321	17,620
Winter Peak Demand (Kilowatts)	11,099	10,959	10,783	11,983	12,341	11,636	12,368	12,923	15,055	13,599
Water										
Number of Connections	3,079	3,183	3,229	3,347	3,456	3,460	3,461	3,705	3,727	3,700
Average Daily Consumption (Gals/day)	1,036,238	1,059,392	1,049,781	1,046,668	1,198,000	1,160,000	1,161,566	1,183,079	1,050,019	1,121,430
Daily Peak Demand (Ga)	1,694,000	1,820,000	1,707,000	1,003,784	1,791,000	1,888,000	2,277,000	2,442,000	2,119,000	2,084,000
Wastewater										
Number of Connections	3,000	3,107	3,156	3,247	3,342	3,256	3,401	3,556	3,575	3,500
Average Daily Flow (Gals/day)	969,000	1,227,000	1,122,000	1,337,000	1,450,000	1,053,000	940,000	899,000	1,037,000	1,217,000
Daily Peak Demand (Ga)	1,087,000	2,608,000	2,344,000	4,202,000	3,293,000	1,089,200	1,469,000	1,155,000	1,363,000	2,860,000
Joint Powers										
Tonnage in Landfill Trenches	37,007	38,065	39,670	40,840	44,363	41,978	41,559	44,286	44,335	46,844
Tonnage Recycled	830	1,291	1,050	1,123	966	1,043	1,007	869	917	703
Curbside Recycling										
Tonnage Collected	178	179	164	170	168	137	158	141	137	137
Bluffs Golf Course										
Rounds of Golf	23,500	22,000	23,000	23,000	24,500	30,000	40,000	41,500	43,000	42,000
Liquor Store										
Gross Sales	\$ 1,498,390	\$ 1,614,518	\$ 1,591,630	\$ 1,596,455	\$ 1,606,901	\$ 1,906,619	\$ 1,907,773	\$ 1,861,710	\$ 1,891,370	\$ 1,836,444
Gross Profit %	29.92%	28.99%	27.45%	31.40%	31.48%	30.31%	33.05%	33.89%	35.09%	36.32%
Street Department										
Tons of Sand for Ice	480	470	620	510	661	607	438	200	700	420
Truckloads of Snow Hauled	587	570	258	1,152	361	384	218	223	1,244	1,124

Information in table provided from City of Vermillion Department Superintendents

TABLE 23

CITY OF VERMILLION
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	5	7	7	7	7	7	9	10	11	9
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Engines/Trucks	10	10	10	10	10	10	6	7	9	10
Hydrants	417	419	432	436	436	436	462	466	466	469
Ambulance										
Ambulances	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (Miles)	53.70	53.70	53.70	53.7	53.7	53.7	54.2	55.06	55.06	55.06
Streetlights	1,289	1,324	1,331	1332	1332	1333	1342	1418	1431	1431
Culture & Recreation										
Parks (Acres)	130.00	130.5	130.5	130.5	130.5	130.5	130.5	130.5	135	135
Parks	7	8	8	8	8	8	8	8	9	9
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Softball Diamonds	2	2	2	2	2	2	2	2	3	3
Baseball Diamonds	3	3	3	3	3	3	3	3	4	4
Golf Courses	1	1	1	1	1	1	1	1	1	1
Electric										
Total Transformers on 13.8 kV Line	705	695	694	705	704	717	716	725	727	731
Total Miles of 3 phase on 13.8 kV Line	51.33	51.89	53.79	55.03	55.03	55.62	55.94	56.18	56.18	56.54
Total Miles of 115kV Transmission Line	21.97	21.97	21.97	25.57	25.57	25.57	25.57	25.57	25.57	25.57
Water										
Water Mains (Miles)	54.26	54.26	54.38	54.61	52.07	50.6	51.13	49.12	49.22	49.62
Maximum Daily Capacity (Ga)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Wastewater										
Sanitary Sewer (Miles)	39.53	39.53	39.54	39.54	39.54	39.55	43.33	43.35	40.2	40.92
Stormwater Sewer (Miles)	41.86	41.86	41.99	42.16	42.16	42.83	42.03	43.39	43.4	47.72
Maximum Daily Capacity (Ga)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

Information in table provided from City of Vermillion Department Superintendents

**CITY OF VERMILLION
SINGLE AUDIT SECTION**

CITY OF VERMILLION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Agency or Pass-Through Number	Amount
United States Department of Housing and Urban Development: Indirect Federal Funding SD Governor's Office of Economic Development Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	2323-109	\$ 500,000
United States Department of Interior: Indirect Federal Funding SD Department of Education Division of History Historic Preservation Fund Grants-In-Aid	15.904	FY24	12,159
United States Department of Justice: Direct Federal Funding Bullet Proof Vest Partnership Program	16.607		46
United States Department of Transportation: Direct Federal Funding Airport Improvement Program	20.106	3-46-0056-20-2024	298,419
Airport Improvement Program	20.106	3-46-0056-21-2024	84,711
COVID-19 Airport Improvement Program	20.106	3-46-0056-21-2022	15,302
Program Subtotal			<u>398,432</u>
Indirect Federal Funding SD Department of Public Safety Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	FY24	11,375
Highway Safety Cluster: State and Community Highway Safety	20.600	FY24	4,831
Total Highway Safety Cluster			<u>4,831</u>
Department of Treasury: Indirect Federal Funding: SD Housing Development Authority COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP5319	58,947
SD Federal Property Agency Donation of Federal Surplus Personal Property	39.003	FY24	73
Department of Homeland Security: Indirect Federal Funding: SD Department of Public Safety - Office of Emergency Management Disaster Grant-Public Assistance (Presidentially Declared Disasters)	97.036	DR-4807	400,404
Department of Health and Human Services: Indirect Federal Funding: SD Office of Energy Assistance Low-Income Home Energy Assistance	93.568	FY24	21,600
Total Expenditure of Federal Awards			<u>\$ 1,407,867</u>

**CITY OF VERMILLION
NOTES TO EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Vermillion under programs of the federal government for the year ended December 31, 2024. The information in this Schedule 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 City of Vermillion, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Municipality.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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. The City of Vermillion has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Federal Loan Program

The City of Vermillion had the following loan balances outstanding from the SD Clean Water State Revolving Fund, Assistance Listing #66.458 and the SD Drinking Water State Revolving Fund, Assistance Listing #66.468 at December 31, 2024.

	Total Amount of Loan Outstanding	Federal Portion of Loan Outstanding
Clean Water Series 2008 (6.7%)	\$ 1,460,268	\$ 97,838
Clean Water Series 2009 (50%)	91,031	45,516
Clean Water Series 2017 (71.69%)	579,554	415,482
Drinking Water Series 2006 (1%)	679,102	6,791
Drinking Water Series 2013 (26.8%)	661,925	177,396
	<u>\$ 3,471,880</u>	<u>\$ 743,023</u>

Note 4: Federal Surplus Property

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the City.

Note 5: Subrecipients

No awards were passed through to subrecipients.



Independent Auditors' 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

Honorable Members of the City Council
City of Vermillion, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Vermillion, South Dakota as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 23, 2025. Our report includes a reference to other auditors who audited the financial statements of Vermillion Housing and Redevelopment Commission, as described in our report on the City'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 City of Vermillion's internal control over financial reporting (internal control) as a basis for designing the 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 City of Vermillion's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Vermillion'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 entity'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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Vermillion'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*.

City of Vermillion's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Vermillion, South Dakota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Vermillion'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

This purpose of this 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 entity'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

William & Company P.C.

Certified Public Accountants
Onawa, Iowa
September 23, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Members of the City Council
City of Vermillion, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Vermillion, South Dakota'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 City of Vermillion, South Dakota's major federal programs for the year ended December 31, 2024. The City of Vermillion, South Dakota's major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Vermillion, South Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Vermillion, South Dakota and to meet our 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 City of Vermillion, South Dakota's compliance with the compliance requirements referred to above.

Other Matters – Federal Expenditures Not Included in the Compliance Audit

The City of Vermillion, South Dakota's basic financial statements include the operations of the Vermillion Housing and Redevelopment Commission, which expended \$1,090,407 in federal awards which is not included in the City of Vermillion, South Dakota's schedule of expenditures of federal awards during the year ended December 31, 2024. Our audit, described in the Opinion on Each Major Federal Program section, did not include the operations of the Vermillion Housing and Redevelopment Commission because the Commission engaged other auditors to perform an audit in accordance with the Uniform Guidance.

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 City of Vermillion, South Dakota's federal programs.

Auditors' 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 City of Vermillion, South Dakota'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 generally accepted auditing standards, *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 City of Vermillion, South Dakota's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 City of Vermillion, South Dakota'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 City of Vermillion, South Dakota'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 City of Vermillion, South Dakota's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report on compliance for each major federal program are matters of public record and their distribution is not limited.

Williams & Company P.C.

Certified Public Accountants
Onawa, Iowa
September 23, 2025

CITY OF VERMILLION, SOUTH DAKOTA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

Part I: Summary of the Independent Auditors' Results

- (a) An unmodified opinion was issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements. No significant deficiencies were reported.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance.
- (g) The major programs were as follows:
 - 97.036 – Disaster grants – Public Assistance (Presidentially Declared Disasters).
 - 14.228 – Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of Vermillion did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

2024-001 – Financial Reporting

Condition and Criteria – The auditors were required to propose and have management post adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints do not provide management absolute assurance all year end U.S. GAAP adjusting journal entries will be posted.

Recommendation – The City should implement procedures to ensure all required adjustments are properly made to the City's financial statements.

Views of Responsible Officials – We will double check the financial statements in the future and all supporting schedules to verify that all adjustments are made properly and a review process to ensure statements are fairly presented. The City will attempt to implement these processes for the 2025 calendar year report.

Part III: Findings Related to Federal Awards – Related to all Federal Programs

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiencies:

No matters were noted.

CITY OF VERMILLION, SOUTH DAKOTA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended December 31, 2024

FINANCIAL STATEMENT AUDIT:

Instances of Non-Compliance:

No matters were noted

Significant Deficiency:

2023-001 Financial Reporting

Condition and Criteria – The auditors were required to propose and have management post adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints do not provide management absolute assurance all year end U.S. GAAP adjusting journal entries will be posted.

Recommendation – The City should implement procedures to ensure all required adjustments are properly made to the City's financial statements.

Views of Responsible Officials – We will double check the financial statements in the future and all supporting schedules to verify that all adjustments are made properly and a review process to ensure statements are fairly presented. The City will attempt to implement these processes for the 2024 calendar year report.

Current Status – The condition still exists. See finding 2024-001.



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**City of Vermillion
Corrective Action Plan
December 31, 2024**

The City of Vermillion, South Dakota, respectfully submits the following corrective action plan for the year ended December 31, 2024.

The audit was performed by Williams & Company, P.C., P.O. Box 238, Onawa, Iowa, for the fiscal year ended December 31, 2024.

The finding from the December 31, 2024 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

**FINANCIAL STATEMENT AUDIT:
MATERIAL WEAKNESS:**

2024-001 Financial Reporting

Condition and Criteria – The auditors were required to propose and have management post adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints do not provide management absolute assurance all year end U.S. GAAP adjusting journal entries will be posted.

Recommendation – The City should implement procedures to ensure all required adjustments are properly made to the City's financial statements.

Views of Responsible Officials – We will double check the financial statements in the future and all supporting schedules to verify that all adjustments are made properly and a review process to ensure statements are fairly presented. The City will attempt to implement these processes for the 2025 calendar year report.

**FEDERAL AWARD PROGRAMS AUDIT:
No matters were noted.**

If the involved agencies have any questions regarding this plan, please call Katie E. Redden at 605-677-7056.

Sincerely yours,

CITY OF VERMILLION, SOUTH DAKOTA

Katie E. Redden
Finance Officer