

**Vermillion School District No. 13-1**

**Independent Auditor's Report  
and Financial Statements**

**For the Year Ended  
June 30, 2025**

**Vermillion School District No. 13-1**

School District Officials

June 30, 2025

---

Board Members

Rachel Olson ----- Board President

Carol Voss-Ward -----Vice President

Jacob Skelton----- Member

Michael Phelan ----- Member

Mark Winegar----- Member

Damon Alvey -----Superintendent

Kevin Kocer -----Business Manager

Vermillion School District No. 13-1

Table of Contents

---

	Page
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> -----	1-2
<b>Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance</b> -----	3-5
<b>Schedule of Prior and Current Audit Findings and Questioned Costs</b> -----	6-7
<b>Independent Auditor's Report</b> -----	8-10
<b>Management Discussion and Analysis (MD&amp;A)</b> -----	11-20
<b>Government-Wide Financial Statements</b>	
Statement of Net Position-----	21
Statement of Activities-----	22
<b>Fund Financial Statements</b>	
Governmental Funds:	
Balance Sheet-----	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-----	24
Statement of Revenues, Expenditures and Changes in Fund Balances-----	25-27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-----	28
Proprietary Funds:	
Statement of Net Position-----	29
Statement of Revenues, Expenses and Changes in Net Position-----	30
Statement of Cash Flows-----	31
Fiduciary Funds:	
Statement of Net Position-----	32
Statement of Changes in Fiduciary Net Position-----	33
<b>Notes to the Financial Statements</b> -----	34-60
<b>Required Supplementary Information</b> -----	61
Budgetary Comparison Schedule - General Fund - Budgetary Basis-----	62-63
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis-----	64
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis-----	65
Notes to the Required Supplementary Information-----	66
Schedule of Changes in Total OPEB Liability-----	67
Schedule of the Proportionate Share of the Net Pension Liability (Asset)-----	68
Schedule of the School District Contributions-----	69
Notes to the Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions-----	70
<b>Supplementary Information</b> -----	71
Schedule of Expenditures of Federal Awards-----	72-73



**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

School Board  
Vermillion School District No. 13-1  
Vermillion, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Vermillion School District No. 13-1, South Dakota, as of June 30, 2025 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated February 6, 2026.

**Report on Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

A handwritten signature in blue ink that reads "CLO Prof LHC".

Elk Point, South Dakota  
February 6, 2026



**Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

School Board  
Vermillion School District No. 13-1  
Vermillion, South Dakota

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Vermillion School District No. 13-1’s, South Dakota compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Vermillion School District’s major federal programs for the year ended June 30, 2025. Vermillion School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Vermillion School District No. 13-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct material effect on each of its major federal programs for the year ended June 30, 2025.

**Basis for Opinion on Each Major Federal Program**

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

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

## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

## **Report on Internal Control Over Compliance**

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 purposes.

A handwritten signature in cursive script that reads "CIO Prof LHC".

Elk Point, South Dakota  
February 6, 2026

**Vermillion School District No. 13-1**  
 Schedule of Prior and Current Audit Findings and Questioned Costs  
 Year Ended June 30, 2025

---

**Schedule of Prior Audit Findings:**

The prior audit report contained no written audit comments.

**Schedule of Current Audit Findings:**

**Section I - Summary of Auditor's Results**

---

**Financial Statements:**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: \_\_\_\_\_ Yes      X   None Reported

Significant deficiencies identified not considered to be material weaknesses: \_\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**Federal Awards:**

Internal control over major program:

Material weakness identified: \_\_\_\_\_ Yes      X   None Reported

Significant deficiencies identified not considered to be material weaknesses: \_\_\_\_\_ Yes      X   None Reported

Type of auditor's report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a): \_\_\_\_\_ Yes      X   No

**Identification of major program:**

Assistance Listing Number	Name of Federal Program
84.010	Title I Grants to Local Educational Agencies

**Dollar threshold used to distinguish between type A and type B programs:**

\$   750,000  

Auditee qualified as low-risk auditee?   x   Yes    \_\_\_\_\_ No

**Vermillion School District No. 13-1**  
Schedule of Prior and Current Audit Findings and Questioned Costs  
Year Ended June 30, 2025 (Continued)

---

**Section II - Financial Statement Findings**

---

There are no findings which are required to be reported in accordance with *Government Auditing Standards*.

**Section III - Federal Award Findings and Questioned Costs**

---

There are no findings or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.156(a).



## **Independent Auditor's Report**

School Board  
Vermillion School District No. 13-1  
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, each major fund, and the aggregate remaining fund information of the Vermillion School District No. 13-1, Vermillion, South Dakota, as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise Vermillion School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Vermillion School District No. 13-1, South Dakota as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and Schedule of School District Contributions listed in the table of contents 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 Vermillion School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2026 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Elk Point, South Dakota  
February 6, 2026

**Vermillion School District No. 13-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

---

This section of Vermillion School District 13-1's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

### **Financial Highlights**

- The District passed a \$26 million bond in fiscal year 2022 to build a new elementary school. An additional \$5 million in Capital Outlay Certificates were issued for the project. The project was completed in the current year and the two existing elementary school buildings were closed and the board declared a surplus.
- The School's net position from governmental and business-type activities decreased approximately \$2,279,151 due primarily to increases in its governmental activities due in part to additional instruction and support services expenditures.
- General Fund expenditures exceeded revenue by \$1,195,046 mainly due to increases in elementary programs and operation and maintenance of plant. The General Fund's fund balance decreased from \$4,719,821 to \$3,524,775.

### **Overview of the Financial Statements**

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

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

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

**Vermillion School District No. 13-1**  
**Management Discussion and Analysis (MD&A)**  
**June 30, 2025**

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

Figure A-1

Major Features of Vermillion School's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the School operates similar to private businesses, the food service operation and other enterprise fund.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**Vermillion School District No. 13-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

---

### **Government-Wide Statements**

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

The two government-wide statements report the School's net position and how they have changed. Net position is one way to measure the School's financial health or position.

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

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

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** – The School charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund and the Other Enterprise Fund (Driver's Education and Preschool) are the only business-type activities of the School.

### **Fund Financial Statements**

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

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

**Vermillion School District No. 13-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

---

The School has three kinds of funds:

- **Governmental Funds** – Most of the School’s basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund’s statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the School charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The District uses an enterprise fund (one type of proprietary fund) to report the activities of its Food Service Program and Other Enterprise Fund which includes the after school program, the preschool program, and the driver’s education program, all business-type activities.
- **Fiduciary Funds** – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School’s fiduciary activities are reported in a separate statement of net position and a statement of changes in net position. We exclude these activities from the School’s government-wide financial statements because the School cannot use these assets to finance its operations.

**Vermillion School District No. 13-1**  
**Management Discussion and Analysis (MD&A)**  
**June 30, 2025**

**Financial Analysis of the School as a Whole**

**Net Position**

The School's combined net position increased as follows:

Table A-1  
Vermillion School District 13-1  
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
Current and Other Assets	\$19,095,535	\$15,066,491	\$ 577,029	\$ 413,923	\$19,672,564	\$15,480,414	-21.31%
Capital Assets (Net of Depreciation)	55,953,246	54,694,063	197,267	469,231	56,150,513	55,163,294	-1.76%
Total Assets	<u>75,048,781</u>	<u>69,760,554</u>	<u>774,296</u>	<u>883,154</u>	<u>75,823,077</u>	<u>70,643,708</u>	<u>-6.83%</u>
OPEB Related Deferred Outflows	215,053	177,605	--	--	215,053	177,605	-17.41%
Pension Related Deferred Outflows	2,863,193	2,554,577	--	--	2,863,193	2,554,577	-10.78%
Total Deferred Outflows or Resources	<u>3,078,246</u>	<u>2,732,182</u>	<u>--</u>	<u>--</u>	<u>3,078,246</u>	<u>2,732,182</u>	<u>-11.24%</u>
Long-Term Liabilities Outstanding	35,093,709	34,048,167	--	--	35,093,709	34,048,167	-2.98%
Other Liabilities	3,638,666	1,428,479	96,532	63,610	3,735,198	1,492,089	-60.05%
Total Liabilities	<u>38,732,375</u>	<u>35,476,646</u>	<u>96,532</u>	<u>63,610</u>	<u>38,828,907</u>	<u>35,540,256</u>	<u>-8.47%</u>
Taxes Levied for Future Period	4,543,380	4,722,527	--	--	4,543,380	4,722,527	3.94%
OPEB Related Deferred Inflows	1,628,969	1,408,907	--	--	1,628,969	1,408,907	-13.51%
Pension Related Deferred Inflows	1,951,448	2,034,732	--	--	1,951,448	2,034,732	4.27%
Total Deferred Inflows of Resources	<u>8,123,797</u>	<u>8,166,166</u>	<u>--</u>	<u>--</u>	<u>8,123,797</u>	<u>8,166,166</u>	<u>0.52%</u>
Net Investment in Capital Assets	21,496,273	21,394,135	197,267	469,231	21,693,540	21,863,366	0.78%
Restricted	7,075,687	5,862,636	--	--	7,075,687	5,862,636	-17.14%
Unrestricted	2,698,895	1,593,153	480,497	350,313	3,179,392	1,943,466	-38.87%
Total Net Position.	<u>31,270,855</u>	<u>28,849,924</u>	<u>677,764</u>	<u>819,544</u>	<u>31,948,619</u>	<u>29,669,468</u>	<u>-7.13%</u>
Beginning Net Position	<u>28,319,303</u>	<u>31,270,855</u>	<u>731,342</u>	<u>677,764</u>	<u>29,050,645</u>	<u>31,948,619</u>	<u>9.98%</u>
Increase (Decrease) in Net Position	<u>\$ 2,951,552</u>	<u>\$ (2,420,931)</u>	<u>\$ (53,578)</u>	<u>\$ 141,780</u>	<u>\$ 2,897,974</u>	<u>\$ (2,279,151)</u>	<u>178.65%</u>
Percentage of Increase (Decrease) in Net Position	<u>10.42%</u>	<u>-7.74%</u>	<u>-7.33%</u>	<u>20.92%</u>	<u>9.98%</u>	<u>-7.13%</u>	

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

**Vermillion School District No. 13-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

---

**Changes in Net Position**

The Vermillion School District’s total revenues (excluding transfers) in FY25 were \$20,910,575. More than 48% of the School’s revenue comes from property and other taxes, with approximately 34% coming from state aid. (See Table A-2).

Table A-2  
Vermillion School District 13-1  
Sources of Revenues  
Fiscal Year 2024-2025

Taxes	\$ 10,241,292	48.98%
State Sources	7,051,286	33.72%
Operating Grants & Contributions	2,165,544	10.36%
Charges For Services	629,839	3.01%
Other General Revenues	615,444	2.94%
Unrestricted Investment Earnings	207,170	0.99%
<b>Total Revenue</b>	<b>\$ 20,910,575</b>	<b>100.00%</b>

Total expenditures of all programs and services increased by approximately 22%. The Vermillion School District expenses totaled \$23,189,726. The School’s expenses cover a range of services, encompassing instruction, support services, interest on long term debt, community services, co-curricular activities, nonprogrammed charges, food services, and driver’s education. (See Table A-3).

Table A-3  
Vermillion School District 13-1  
Statement of Expenditures  
Fiscal Year 2024-2025

Instruction	\$ 9,701,938	41.83%
Support Services	10,640,601	45.88%
Interest - on Long-Term Debt	1,073,397	4.63%
Community Services	6,741	0.03%
Cocurricular Activities	584,160	2.52%
Food Service	1,042,541	4.50%
Drivers Education & Other Activities	140,348	0.61%
<b>Total Expenditures</b>	<b>\$ 23,189,726</b>	<b>100.00%</b>

**Vermillion School District No. 13-1**  
**Management Discussion and Analysis (MD&A)**  
**June 30, 2025**

**Governmental and Business-Type Activities**

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the School:

Table A-4

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	
Revenues							
Program Revenues							
Charge for Services	\$ 31,710	\$ 37,169	\$ 579,894	\$ 592,670	\$ 611,604	\$ 629,839	2.98%
Operating Grants/ Contributions	2,596,257	1,660,497	479,826	505,047	3,076,083	2,165,544	-29.60%
General Revenues							
Taxes	9,983,956	10,241,292	--	--	9,983,956	10,241,292	2.58%
Revenue State Sources	7,097,062	7,051,286	--	--	7,097,062	7,051,286	-0.64%
Other							
Other general revenues	308,750	615,444	--	--	308,750	615,444	99.33%
Unrestricted Investment Earnings	834,613	198,214	10,146	8,956	844,759	207,170	-75.48%
	<u>20,852,348</u>	<u>19,803,902</u>	<u>1,069,866</u>	<u>1,106,673</u>	<u>21,922,214</u>	<u>20,910,575</u>	<u>-4.61%</u>
Expenses							
Instruction	9,065,205	9,701,938	--	--	9,065,205	9,701,938	7.02%
Support Services	7,217,190	10,640,601	--	--	7,217,190	10,640,601	47.43%
Community Services	12,328	6,741			12,328	6,741	-45.32%
Interest on long-term debt	1,029,016	1,073,397	--	--	1,029,016	1,073,397	4.31%
Co-curricular Activities	559,057	584,160	--	--	559,057	584,160	4.49%
Food Service	--	--	983,111	1,042,541	983,111	1,042,541	6.05%
Other Enterprise	--	--	158,333	140,348	158,333	140,348	-11.36%
	<u>17,882,796</u>	<u>22,006,837</u>	<u>1,141,444</u>	<u>1,182,889</u>	<u>19,024,240</u>	<u>23,189,726</u>	<u>21.90%</u>
Excess (Deficiency)							
Before Transfers	2,969,552	(2,202,935)	(71,578)	(76,216)	2,897,974	(2,279,151)	-178.65%
Transfers	(18,000)	(217,996)	18,000	217,996	--	--	0.00%
Increase (Decrease) in Net Position	2,951,552	(2,420,931)	(53,578)	141,780	2,897,974	(2,279,151)	-178.65%
Beginning Net Position	<u>28,319,303</u>	<u>31,270,855</u>	<u>731,342</u>	<u>677,764</u>	<u>29,050,645</u>	<u>31,948,619</u>	<u>9.98%</u>
Ending Net Position	<u>\$ 31,270,855</u>	<u>\$ 28,849,924</u>	<u>\$ 677,764</u>	<u>\$ 819,544</u>	<u>\$ 31,948,619</u>	<u>\$ 29,669,468</u>	<u>-7.13%</u>

**Vermillion School District No. 13-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

---

**Governmental Activities**

Revenues for the governmental activities decreased by approximately 5.03%. Expenses increased by 23.06%. The District had a decrease in Governmental Activities Net Position of \$2,420,931. This decrease was due in part to additional instruction and support services expenditures.

**Business-Type Activities**

Revenues for the business-type activities increased by 3.44% due to an increase in charges for services and operating grants/contributions. Expenses increased by 3.63%. The School District managed expenses for food service and the enterprise fund activities well. The enterprise fund consists of the district preschool, the after school program, as well as driver's education.

**Financial Analysis of the School's Funds**

Fund balances changed as follows: General Fund decreased \$1,195,046 due expenditures exceeding revenues. Capital Outlay Fund decreased by \$586,301 mainly due to an increase capital outlay expenditures. Special Education Fund decreased by \$243,894 as a result of increased programs for special education and other special education costs.

**General Fund Budgetary Highlights**

Over the course of the year, the School Board revised the School budget several times. These amendments fall into three categories:

- Supplemental appropriations approved to prevent budget overruns for unanticipated but necessary expenses.
- Changes in actual federal revenue receipts versus budgeted amounts.
- Increases in appropriations, primarily by supplemental transfer, to prevent budget overruns.

There were budget changes for the year due to accounting for grants in the Capital Outlay Fund and needing additional funding for general operating expenses in the General Fund and Special Education Fund.

**Vermillion School District No. 13-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

**Capital Asset Administration**

By the end of FY25, the School had invested \$55,163,294 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.) This amount represents a net decrease (including additions and deductions) of \$987,219.

Table A-5  
Capital Assets  
(Net of Depreciation)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Dollar Change</b>	<b>Total % Change</b>
	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>		
Land	\$ 107,245	\$ 104,942	\$ --	\$ --	\$ (2,303)	-2.15%
Construction in progress	36,544,591	44,600	--	--	(36,499,991)	-99.88%
Buildings & Improvements	18,293,366	53,023,426	--	--	34,730,060	189.85%
Machinery & Equipment	860,040	1,397,719	197,267	469,231	809,643	76.58%
Intangible Lease Assets	61,232	40,821	--	--	(20,411)	100.00%
Library Books	86,772	82,555	--	--	(4,217)	-4.86%
<b>Total Capital Assets</b>	<b>\$ 55,953,246</b>	<b>\$ 54,694,063</b>	<b>\$ 197,267</b>	<b>\$ 469,231</b>	<b>\$ (987,219)</b>	<b>-1.76%</b>

Major capital outlay purchases in FY25 included the Elementary School Addition Project, an intercom system, a playground, surfacing for the elementary playground, roof replacements, and an Anatomage Table.

**Long-Term Debt**

At year-end, the School had \$34,048,167 in general long-term obligations. This balance includes General Obligation Bonds, unamortized premiums, Capital Outlay Certificates, intangible lease liabilities, OPEB, and accrued sick leave payable. See individual balances as shown on Table A-6 below:

Table A-6  
Outstanding Debt and Obligations

	<b>Governmental Activities</b>		<b>Total Dollar Change</b>	<b>Total % Change</b>
	<b>2024</b>	<b>2025</b>		
General Obligation Bonds	\$ 23,695,462	\$ 23,235,000	\$ (460,462)	-1.94%
Plus: Unamortized Premiums	3,007,737	2,900,318	(107,419)	-3.57%
Capital Outlay Certificates	7,430,000	6,880,000	(550,000)	-7.40%
Plus: Unamortized Premiums	262,542	243,789	(18,753)	-7.14%
Intangible Lease Liabilities	61,232	40,821	(20,411)	100.00%
Other Post Employment Benefits	530,813	550,134	19,321	3.64%
Accrued Compensated Absences - Governmental Funds	105,923	198,105	92,182	87.03%
<b>Total Outstanding Debt</b>	<b>\$ 35,093,709</b>	<b>\$ 34,048,167</b>	<b>\$ (1,045,542)</b>	<b>-2.98%</b>

**Vermillion School District No. 13-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

---

The school is liable for the repayment of General Obligation bonds, Capital Outlay Certificates, Intangible Lease Liabilities, and accrued sick leave payable to the various employees who have ten consecutive years or more of employment at the School District, and OPEB.

**Economic Factors and Next Year's Budgets and Rates**

As noted above, one of the District's primary sources of revenue for the General Fund is the district allocation received from the State of South Dakota. Beginning in FY2018, the student allocation is based on a new state aid calculation that combines a formula certified instructional staff salary/benefit need with an overhead need to get to the state aid total need. The District's enrollment was 1,346 students. The District hopes to maintain a fund balance that accommodates the cash flow needs and is closely aligned with the limits allowed by the state.

**Contacting the School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Vermillion School's Business Office, 1001 E. Main St., Vermillion, SD 57069.

**Vermillion School District No. 13-1**  
Statement of Net Position – Government-Wide  
June 30, 2025

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,884,693	\$ 384,620	\$ 10,269,313
Accounts receivable	356,755	25,873	382,628
Taxes receivable	4,812,374	--	4,812,374
Inventories	--	3,430	3,430
Net pension asset	12,669	--	12,669
Capital assets:			
Land and construction in progress	149,542	--	149,542
Other capital assets, net of depreciation	54,544,521	469,231	55,013,752
<b>Total Assets</b>	<u>69,760,554</u>	<u>883,154</u>	<u>70,643,708</u>
<b>Deferred Outflows of Resources:</b>			
OPEB-related deferred outflows	177,605	--	177,605
Pension-related deferred outflows	2,554,577	--	2,554,577
<b>Total Deferred Outflows of Resources</b>	<u>2,732,182</u>	<u>--</u>	<u>2,732,182</u>
<b>Liabilities:</b>			
Accounts payable	34,873	--	34,873
Unearned revenue	--	23,302	23,302
Other current liabilities	1,393,606	40,308	1,433,914
Long-term liabilities:			
Due within one year	1,260,634	--	1,260,634
Due in more than one year	32,787,533	--	32,787,533
<b>Total Liabilities</b>	<u>35,476,646</u>	<u>63,610</u>	<u>35,540,256</u>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for future periods	4,722,527	--	4,722,527
Pension related deferred inflows	2,034,732	--	2,034,732
OBEP-related deferred inflows	1,408,907	--	1,408,907
<b>Total Deferred Inflows of Resources</b>	<u>8,166,166</u>	<u>--</u>	<u>8,166,166</u>
<b>Net Position:</b>			
Net investment in capital assets	21,394,135	469,231	21,863,366
Restricted for:			
Capital outlay	3,278,570	--	3,278,570
Special education	1,079,349	--	1,079,349
Debt service	972,203	--	972,203
SDRS pension purposes	532,514	--	532,514
Unrestricted	1,593,153	350,313	1,943,466
<b>Total Net Position</b>	<u>\$ 28,849,924</u>	<u>\$ 819,544</u>	<u>\$ 29,669,468</u>

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

**Vermillion School District No. 13-1**  
Statement of Activities – Government-Wide  
June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 9,701,938	\$ --	\$ 1,627,559	\$ (8,074,379)	\$ --	\$ (8,074,379)
Support services	10,640,601	--	32,938	(10,607,663)	--	(10,607,663)
Community services	6,741	--	--	(6,741)	--	(6,741)
Interest on long-term debt	1,073,397	--	--	(1,073,397)	--	(1,073,397)
Cocurricular activities	584,160	37,169	--	(546,991)	--	(546,991)
Total Governmental Activities	<u>22,006,837</u>	<u>37,169</u>	<u>1,660,497</u>	<u>(20,309,171)</u>	<u>--</u>	<u>(20,309,171)</u>
Business-Type Activities:						
Food service	1,042,541	473,803	499,134	--	(69,604)	(69,604)
Preschool	121,783	97,867	5,913	--	(18,003)	(18,003)
Driver's education	18,565	21,000	--	--	2,435	2,435
Total Business Type Activities	<u>1,182,889</u>	<u>592,670</u>	<u>505,047</u>	<u>--</u>	<u>(85,172)</u>	<u>(85,172)</u>
Total Primary Government	<u>\$ 23,189,726</u>	<u>\$ 629,839</u>	<u>\$ 2,165,544</u>	<u>(20,309,171)</u>	<u>(85,172)</u>	<u>(20,394,343)</u>
General Revenues:						
Taxes:						
Property taxes				10,072,673	--	10,072,673
Gross receipts taxes				168,619	--	168,619
Revenue from state sources:						
State aid				6,337,902	--	6,337,902
Other				713,384	--	713,384
Unrestricted investment earnings				198,214	8,956	207,170
Other general revenues				615,444	--	615,444
Transfers				(217,996)	217,996	--
Total General Revenues and Transfers				<u>17,888,240</u>	<u>226,952</u>	<u>18,115,192</u>
Change in Net Position				(2,420,931)	141,780	(2,279,151)
<b>Net Position - Beginning of Year</b>				<u>31,270,855</u>	<u>677,764</u>	<u>31,948,619</u>
<b>Net Position - End of Year</b>				<u>\$ 28,849,924</u>	<u>\$ 819,544</u>	<u>\$ 29,669,468</u>

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

**Vermillion School District No. 13-1**  
Balance Sheet – Governmental Funds  
June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Cash and cash equivalents	\$ 4,452,211	\$ 3,271,117	\$ 1,198,164	\$ 963,201	\$ --	\$ 9,884,693
Taxes receivable - current	2,032,583	1,324,612	730,008	635,324	--	4,722,527
Taxes receivable - delinquent	47,919	21,030	11,896	9,002	--	89,847
Due from other governments	258,166	--	98,589	--	--	356,755
<b>Total Assets</b>	<u>\$ 6,790,879</u>	<u>\$ 4,616,759</u>	<u>\$ 2,038,657</u>	<u>\$ 1,607,527</u>	<u>\$ --</u>	<u>\$ 15,053,822</u>
<b>Liabilities and Fund Balances:</b>						
Liabilities:						
Accounts payable	\$ 20,082	\$ 13,577	\$ 1,214	\$ --	\$ --	\$ 34,873
Contracts payable	898,566	--	157,928	--	--	1,056,494
Payroll deductions and withholding and employer matching payable	266,954	--	70,158	--	--	337,112
<b>Total Liabilities</b>	<u>1,185,602</u>	<u>13,577</u>	<u>229,300</u>	<u>--</u>	<u>--</u>	<u>1,428,479</u>
Deferred Inflows of Resources:						
Taxes levied for future period	2,032,583	1,324,612	730,008	635,324	--	4,722,527
Delinquent taxes not available	47,919	21,030	11,896	9,002	--	89,847
<b>Total Deferred Inflows of Resources</b>	<u>2,080,502</u>	<u>1,345,642</u>	<u>741,904</u>	<u>644,326</u>	<u>--</u>	<u>4,812,374</u>
Fund Balances:						
Restricted:						
For capital outlay	--	3,257,540	--	--	--	3,257,540
For special education	--	--	1,067,453	--	--	1,067,453
For debt service	--	--	--	963,201	--	963,201
Assigned	24,811	--	--	--	--	24,811
Unassigned	3,499,964	--	--	--	--	3,499,964
<b>Total Fund Balances</b>	<u>3,524,775</u>	<u>3,257,540</u>	<u>1,067,453</u>	<u>963,201</u>	<u>--</u>	<u>8,812,969</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,790,879</u>	<u>\$ 4,616,759</u>	<u>\$ 2,038,657</u>	<u>\$ 1,607,527</u>	<u>\$ --</u>	<u>\$ 15,053,822</u>

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

**Vermillion School District No. 13-1**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2025

---

Total Fund Balances - Governmental Funds \$ 8,812,969

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 54,694,063

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Intangible Lease Assets	(40,821)	
GO Bonds	(26,135,318)	
Other Postemployment Benefits Payable	(550,134)	
Capital Outlay Certificates	(7,123,789)	
Accrued Leave	(198,105)	(34,048,167)

Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:

Delinquent Property Taxes Receivable 89,847

Proportionate Share of Net Pension Asset 12,669

Pension and OPEB related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (3,443,639)

Pension and OPEB related deferred outflows are components of non current assets and therefore are not reported in the funds. 2,732,182

Net Position - Governmental Activities \$ 28,849,924

**Vermillion School District No. 13-1**  
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
June 30, 2025

	General	Capital Outlay	Special Education	Bond Redemption	Capital Projects	Total Governmental Funds
<b>Revenues</b>						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 4,322,444	\$ 2,729,215	\$ 1,558,278	\$ 1,354,016	\$ --	\$ 9,963,953
Prior years' ad valorem taxes	22,042	13,804	8,017	6,611	--	50,474
Utility taxes	168,619	--	--	--	--	168,619
Penalties and interest on taxes	7,466	4,015	2,337	10,795	--	24,613
Tuition and Fees:						
Regular day school transportation fees	18,755	--	--	--	--	18,755
Earnings on Investments and deposits	96,333	62,620	27,915	--	11,346	198,214
Cocurricular Activities:						
Admissions	36,257	--	--	--	--	36,257
Other student activity income	912	--	--	--	--	912
Other Revenue from Local Sources:						
Rentals	18,286	--	--	--	--	18,286
Contributions and donations	18,071	259,802	--	--	--	277,873
Charges for services	13,240	--	21,525	--	--	34,765
Other	59,741	83,286	7	--	--	143,034
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	140,381	--	--	--	--	140,381
Revenue in lieu of taxes	105	--	--	--	--	105
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	6,337,902	--	--	--	--	6,337,902
Restricted grants-in-aid	628	--	712,756	--	--	713,384
Revenue from Federal Sources:						
Grants-in-Aid:						
Restricted grants-in-aid received directly from federal government	14,183	--	--	--	--	14,183
Restricted grants-in-aid received from federal government through the state	754,710	235,736	397,035	--	--	1,387,481
Other Federal Revenue	12,632	227,446	--	--	--	240,078
<b>Total Revenues</b>	<b>\$ 12,042,707</b>	<b>\$ 3,615,924</b>	<b>\$ 2,727,870</b>	<b>\$ 1,371,422</b>	<b>\$ 11,346</b>	<b>\$ 19,769,269</b>

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

**Vermillion School District No. 13-1**  
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
June 30, 2025 (Continued)

	General	Capital Outlay	Special Education	Bond Redemption	Capital Projects	Total Governmental Funds
<b>Expenditures</b>						
Instructional Services:						
Regular Programs:						
Elementary	\$ 3,135,613	\$ 133,549	\$ --	\$ --	\$ --	\$ 3,269,162
Middle/junior high	1,540,924	10,887	--	--	--	1,551,811
High school	2,179,144	95,823	--	--	--	2,274,967
Special Programs:						
Programs for special education	--	--	1,936,893	--	--	1,936,893
Culturally different	14,184	--	--	--	--	14,184
Educationally deprived	618,261	--	--	--	--	618,261
Support Services:						
Students:						
Attendance and social work	204,644	--	--	--	--	204,644
Guidance	330,428	--	67,907	--	--	398,335
Health	195,778	2,345	--	--	--	198,123
Speech pathology	--	--	312,717	--	--	312,717
Student therapy services	--	--	286,520	--	--	286,520
Instructional Staff:						
Improvement of instruction	130,007	--	--	--	--	130,007
Educational media	297,221	--	--	--	--	297,221
General Administration:						
Board of education	136,652	--	--	--	--	136,652
Executive administration	302,960	4,170	--	--	--	307,130
School Administration:						
Office of the principal	837,553	--	--	--	--	837,553
Other	1,092	--	--	--	--	1,092
Business:						
Fiscal services	228,453	568	--	--	--	229,021
Facilities acquisition and construction	--	61,934	--	--	--	61,934
Operation and maintenance of plant	2,085,065	746,090	--	--	--	2,831,155
Student transportation	444,499	--	--	--	--	444,499
Internal services	40,536	22,111	--	--	--	62,647
Special Education:						
Administrative costs	--	--	125,685	--	--	125,685
Transportation costs	--	--	65,256	--	--	65,256
Other special education costs	--	--	148,871	--	--	148,871

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

**Vermillion School District No. 13-1**  
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
June 30, 2025 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Community Services:						
Nonpublic school	6,741	--	--	--	--	6,741
Debt Services:	--	870,222	--	1,360,220	--	2,230,442
Cocurricular Activities:						
Male activities	103,712	--	--	--	--	103,712
Female activities	96,902	--	--	--	--	96,902
Transportation	114,404	--	--	--	--	114,404
Combined activities	198,895	49,836	--	--	--	248,731
Capital Outlay	--	2,322,114	--	--	11,346	2,333,460
Total Expenditures	<u>13,243,668</u>	<u>4,319,649</u>	<u>2,943,849</u>	<u>1,360,220</u>	<u>11,346</u>	<u>21,878,732</u>
Excess of Revenue Over (Under) Expenditures	(1,200,961)	(703,725)	(215,979)	11,202	--	(2,109,463)
<b>Other Financing Sources (Uses):</b>						
Transfer in	27,915	116,424	--	--	--	144,339
Transfer out	(22,000)	--	(27,915)	--	--	(49,915)
Sale of Surplus Property	--	1,000	--	--	--	1,000
Total Other Financing Sources (Uses)	<u>5,915</u>	<u>117,424</u>	<u>(27,915)</u>	<u>--</u>	<u>--</u>	<u>95,424</u>
Net Change in Fund Balances	(1,195,046)	(586,301)	(243,894)	11,202	--	(2,014,039)
<b>Fund Balance, Beginning of Year</b>	<u>4,719,821</u>	<u>3,843,841</u>	<u>1,311,347</u>	<u>951,999</u>	<u>--</u>	<u>10,827,008</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,524,775</u>	<u>\$ 3,257,540</u>	<u>\$ 1,067,453</u>	<u>\$ 963,201</u>	<u>\$ --</u>	<u>\$ 8,812,969</u>

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

**Vermillion School District No. 13-1**

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

---

Net Change in Fund Balances - Total Governmental Funds \$ (2,014,039)

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

This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements. \$ 2,333,460

The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources. (1,444,925)

In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds of from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (2,147,718)

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.

GO Bond	567,881	
Intangible Lease Liability	20,411	
CO Certificate	<u>568,753</u>	1,157,045

The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available." 33,633

Governmental funds do not reflect the change in compensated absences liabilities but the Statement of Activities reflects the change in these accruals through expenses. (92,182)

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (409,498)

Changes in the OPEB related deferred outflows/inflows are direct components of noncurrent liability (asset) and are not reflected in the governmental funds. 163,293

Change in net position of governmental activities \$ (2,420,931)

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

**Vermillion School District No. 13-1**  
Statement of Net Position – Proprietary Funds  
June 30, 2025

	<b>Enterprise Funds</b>		<b>Totals</b>
	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 314,721	\$ 69,899	\$ 384,620
Accounts receivable, net	5,198	--	5,198
Due from other government	20,675	--	20,675
Inventory of donated food	3,430	--	3,430
Total Current Assets	<u>344,024</u>	<u>69,899</u>	<u>413,923</u>
Noncurrent Assets:			
Machinery and equipment - local funds	635,896	--	635,896
Less accumulated depreciation	<u>(166,665)</u>	<u>--</u>	<u>(166,665)</u>
Total Noncurrent Assets	<u>469,231</u>	<u>--</u>	<u>469,231</u>
<b>Total Assets</b>	<u><u>\$ 813,255</u></u>	<u><u>\$ 69,899</u></u>	<u><u>\$ 883,154</u></u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	\$ 17,330	\$ --	\$ 17,330
Contracts payable	--	17,638	17,638
Accrued payroll expenses	--	5,340	5,340
Unearned revenue	23,302	--	23,302
Total Current Liabilities	<u>40,632</u>	<u>22,978</u>	<u>63,610</u>
<b>Net Position:</b>			
Net investment in capital assets	469,231	--	469,231
Unrestricted net position	<u>303,392</u>	<u>46,921</u>	<u>350,313</u>
<b>Total Net Position</b>	<u><u>\$ 772,623</u></u>	<u><u>\$ 46,921</u></u>	<u><u>\$ 819,544</u></u>

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

**Vermillion School District No. 13-1**

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds  
June 30, 2025

	<b>Enterprise Funds</b>		<b>Totals</b>
	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	
<b>Operating Revenue:</b>			
Tuition and Fees:			
Preschool Tuition	\$ --	\$ 88,547	\$ 88,547
Driver's Education Fees	--	21,000	21,000
Student Transportation Fees	--	9,320	9,320
Food Sales:			
Student	322,054	--	322,054
Adult	2,739	--	2,739
Al La Carte Sales	149,010	--	149,010
<b>Total Operating Revenue</b>	<b>473,803</b>	<b>118,867</b>	<b>592,670</b>
<b>Operating Expenses:</b>			
Food Service:			
Salaries	--	109,491	109,491
Employee benefits	--	29,179	29,179
Purchased services	926,206	--	926,206
Supplies	6,942	1,605	8,547
Cost of sales - donated	64,120	--	64,120
Other	4,817	73	4,890
Depreciation	40,456	--	40,456
<b>Total Operating Expenses</b>	<b>1,042,541</b>	<b>140,348</b>	<b>1,182,889</b>
Operating Income(Loss)	(568,738)	(21,481)	(590,219)
<b>Nonoperating Revenues/Expenses:</b>			
Investment earnings	8,956	--	8,956
Other local revenue	2,551	5,913	8,464
State grants	1,758	--	1,758
Federal grants	429,084	--	429,084
Donated food	65,741	--	65,741
<b>Total Nonoperating Revenue/     (Expenses)</b>	<b>508,090</b>	<b>5,913</b>	<b>514,003</b>
Income (Loss) Before Contributions and Transfers	(60,648)	(15,568)	(76,216)
Capital Contributions	312,420	--	312,420
Transfer In	--	22,000	22,000
Transfer (out)	--	(116,424)	(116,424)
Change in Net Position	251,772	(109,992)	141,780
<b>Net Position - Beginning of Year</b>	<b>520,851</b>	<b>156,913</b>	<b>677,764</b>
<b>Net Position - End of Year</b>	<b>\$ 772,623</b>	<b>\$ 46,921</b>	<b>\$ 819,544</b>

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

**Vermillion School District No. 13-1**  
Statement of Cash Flows – Proprietary Funds  
June 30, 2025

	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers	\$ 445,627	\$ 118,867	\$ 564,494
Cash payments to suppliers	(942,225)	(1,678)	(943,903)
Cash payments to employees	--	(138,366)	(138,366)
Net Cash (Used) by Operating Activities	<u>(496,598)</u>	<u>(21,177)</u>	<u>(517,775)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers In	--	22,000	22,000
Transfers Out	--	(116,424)	(116,424)
Other local revenue	2,551	5,913	8,464
Cash reimbursements - state	1,758	--	1,758
Cash reimbursements - federal	429,084	--	429,084
Net Cash Provided by Noncapital Financing Activities	<u>433,393</u>	<u>(88,511)</u>	<u>344,882</u>
<b>Cash Flows from Investing Activities:</b>			
Investment Earnings	8,956	--	8,956
Net Cash Provided by Investing Activities	<u>8,956</u>	<u>--</u>	<u>8,956</u>
<b>Net Change in Cash and Cash Equivalents</b>	(54,249)	(109,688)	(163,937)
<b>Cash and Cash Equivalents, Beginning of Year</b>	368,970	179,587	548,557
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 314,721</u>	<u>\$ 69,899</u>	<u>\$ 384,620</u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>			
Operating (Loss)	\$ (568,738)	\$ (21,481)	\$ (590,219)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	40,456	--	40,456
Value of commodities used	64,120	--	64,120
Change in Assets and Liabilities:			
Due from other government	790	--	790
Deferred revenue	(28,966)	--	(28,966)
Contracts payable	--	1,033	1,033
Accrued payroll expenses	--	(729)	(729)
Accounts payable	(4,260)	--	(4,260)
Net cash (used) by operating activities:	<u>\$ (496,598)</u>	<u>\$ (21,177)</u>	<u>\$ (517,775)</u>
<b>Noncash Investing, Capital and Financing Activities</b>			
Equipment purchased by Capital Outlay Fund	\$ 312,420	\$ --	\$ 312,420
Value of commodities received	\$ 65,741	\$ --	\$ 65,741

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

**Vermillion School District No. 13-1**  
Statement of Net Position – Fiduciary Funds  
June 30, 2025

---

	<u>Custodial Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	<u>\$ 35,752</u>
 Total Assets	 <u>\$ 35,752</u>
 <b>Net Position:</b>	
Individuals, organizations, and other governments	<u>\$ 35,752</u>
 Total Net Position	 <u>\$ 35,752</u>

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

**Vermillion School District No. 13-1**  
Statement of Changes in Net Position – Fiduciary Funds  
June 30, 2025

---

	<b>Custodial Funds</b>
<b>Additions:</b>	
Interest	\$ 982
Collections for student activities	132,817
Total Additions	133,799
<b>Deductions:</b>	
Payments for student activities	126,957
Total Deductions	126,957
<b>Change in Net Position</b>	6,842
<b>Net Position - Beginning</b>	28,910
<b>Net Position - Ending</b>	\$ 35,752

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**1. Summary of Significant Accounting Policies:**

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

a. Reporting Entity:

The reporting entity of Vermillion School District No. 13-1, 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 School District is financially accountable if its Governing Board appoints a voting majority of another organizations governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District.

Vermillion Public Schools Foundation is a legally separate related entity of the School District and is designed to benefit the students of the School District. One member of the Vermillion School District Board serves on the Vermillion Public School Foundation Board. The component unit had insignificant transactions and balances for the year and is therefore not presented.

b. Government-Wide and Fund Financial Statements:

Government-Wide Financial Statements:

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**1. Summary of Significant Accounting Policies: (Continued)**

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

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

**Fund Financial Statements:**

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

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

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

**Governmental Funds:**

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**1. Summary of Significant Accounting Policies: (Continued)**

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

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

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

Debt Service Funds – Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds on a special property tax restricted to use for the payment of principal and interest of general obligation bonded debt. There is only one bond redemption fund. This is a major fund.

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

The New School Construction Fund is the only capital projects fund maintained by the School District. This fund was opened in FY22. This is a major fund.

**Proprietary Funds:**

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

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)
2. Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**1. Summary of Significant Accounting Policies: (Continued)**

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

Other Enterprise Fund – A fund used to record financial transactions related to driver’s education, preschool, and afterschool program activities. This fund is financed by user charges. This is a major fund.

**Fiduciary Funds:**

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

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

c. Measurement Focus and Basis of Accounting:

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

**Measurement Focus:**

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

**Basis of Accounting:**

Government-Wide Financial Statements:

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**1. Summary of Significant Accounting Policies: (Continued)**

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the School District is 10 days. The Revenues that were accrued at June 30, 2025 are amounts due from other governments for grants, and other receivables.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**1. Summary of Significant Accounting Policies: (Continued)**

f. Capital Assets:

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

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

Government-Wide Financial Statements:

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

The total June 30, 2025 balance of capital assets for governmental activities includes approximately 28% for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2025 balance of capital assets for business-type activities includes approximately 2% for which the costs were determined by estimates of the original cost. These estimated original costs were established by deflated current replacement cost.

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

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

**Vermillion School District No. 13-1**

Notes to the Financial Statements

June 30, 2025

---

**1. Summary of Significant Accounting Policies: (Continued)**

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<b>Capitalization Threshold</b>	<b>Depreciation/ Amortization Method</b>	<b>Estimated Useful Life</b>
Land*	All Land	NA	NA
Buildings	\$ 50,000	Straight-line	10-50 years
Improvements	50,000	Straight-line	10-50 years
Equipment (governmental)	5,000	Straight-line	5-10 years
Equipment (proprietary funds)	5,000	Straight-line	2-12 years
Other intangible assets	25,000	Straight-line	3-20 years

\*Land is an inexhaustible capital asset and is not depreciated.

**Fund Financial Statements:**

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

**g. Long-Term Liabilities:**

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

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

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

**h. Leases:**

The School District recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$25,000 or more.

## Vermillion School District No. 13-1

### Notes to the Financial Statements

June 30, 2025

---

#### 1. Summary of Significant Accounting Policies: (Continued)

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

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

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

#### i. Subscription-Based Information Technology Arrangements:

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

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

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

## Vermillion School District No. 13-1

### Notes to the Financial Statements

June 30, 2025

---

#### 1. Summary of Significant Accounting Policies: (Continued)

- The School District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

#### j. Program Revenues:

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

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

#### k. Deferred Inflows and Deferred Outflows of Resources:

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

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**1. Summary of Significant Accounting Policies: (Continued)**

**l. Proprietary Funds Revenue and Expense Classifications:**

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

**m. Cash and Cash Equivalents:**

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

**n. Equity Classifications:**

Government-Wide Financial Statements:

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

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

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

**o. Application of Net Position:**

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**1. Summary of Significant Accounting Policies: (Continued)**

p. Fund Balance Classification Policies and Procedures:

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

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

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

The School District's assigned fund balance consists of amounts assigned for unemployment in the General Fund. There was a balance of \$24,811 in assigned fund balance for the year ended June 30, 2025.

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Taxes
Special Education Fund	Taxes

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**1. Summary of Significant Accounting Policies: (Continued)**

q. Pensions:

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

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

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

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

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

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

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

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

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

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

**3. Due From Other Governments:**

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts due from other governments include reimbursements for various programs. These amounts include \$377,430 due from various county, school, state and federal governments.

**4. Inventory:**

Inventory held for consumption is stated at cost.

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

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**4. Inventory: (Continued)**

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

**5. Property Tax:**

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

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

**6. Changes in Capital Assets:**

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

	<b>Balance 06/30/2024</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 06/30/2025</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 107,245	\$ --	\$ 2,303	\$ 104,942
Construction in progress	36,544,591	961,846	37,461,837	44,600
Total capital assets not being depreciated	36,651,836	961,846	37,464,140	149,542
Capital assets being depreciated/amortized:				
Buildings & Improvements	41,229,848	38,141,905	8,796,990	70,574,763
Machinery & Equipment	1,648,513	677,030	69,729	2,255,814
Intangible Assets	81,642	--	--	81,642
Library Books	448,954	14,516	--	463,470
Total capital assets being depreciated/amortized	43,408,957	38,833,451	8,866,719	73,375,689
Less accumulated depreciation/amortized for:				
Buildings & Improvements	22,936,482	1,266,430	6,651,575	17,551,337
Machinery & Equipment	788,473	139,351	69,729	858,095
Intangible Assets	20,410	20,411	--	40,821
Library Books	362,182	18,733	--	380,915
Total accumulated depreciation/amortization	24,107,547	1,444,925	6,721,304	18,831,168
Total capital assets being depreciated/amortized, net	19,301,410	37,388,526	2,145,415	54,544,521
Net Capital Assets	\$ 55,953,246	\$ 38,350,372	\$ 39,609,555	\$ 54,694,063

Depreciation/Amortization expense was charged to functions as follows:

Instruction	\$ 36,660
Support services	1,375,922
Amortization	11,932
Co-curricular activities	20,411
Total Depreciation /Amortization Expense	\$ 1,444,925

	<b>Balance 06/30/2024</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 06/30/2025</b>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Equipment	\$ 459,517	\$ 312,420	\$ 136,041	\$ 635,896
Less accumulated depreciation for:				
Less: Accumulated Depreciation	262,250	40,456	136,041	166,665
Total capital assets being depreciated, net	\$ 197,267	\$ 271,964	\$ --	\$ 469,231

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

**6. Changes in Capital Assets: (Continued)**

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 40,456</u>

Construction Work in Progress at June 30, 2025 is comprised of the following:

Project Name	Project Authorization	Through 6/30/2025	Committed
Elementary Bathroom Project	\$ 182,183	\$ 44,600	\$ 137,583
Total Work in Progress	\$ 182,183	\$ 44,600	\$ 137,583

**7. Long-Term Liabilities:**

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

	06/30/2024	Increase	Decrease	06/30/2025	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 23,695,462	\$ --	\$ 460,462	\$ 23,235,000	\$ 445,000
Plus: Unamortized Premiums	3,007,737	--	107,419	2,900,318	107,419
Capital Outlay Certificates	7,430,000	--	550,000	6,880,000	570,000
Plus: Unamortized Premiums	262,542	--	18,753	243,789	18,753
	34,395,741	--	1,136,634	33,259,107	1,141,172
Other Liabilities:					
Compensated Absences	105,923	198,105	105,923	198,105	99,052
OPEB	530,813	57,443	38,122	550,134	--
Lease Liability	61,232	--	20,411	40,821	20,410
Total Long-Term Liabilities	\$ 35,093,709	\$ 255,548	\$ 1,301,090	\$ 34,048,167	\$ 1,260,634

Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds. Other Post-Employment Benefits have been liquidated from the General Fund.

Compensated Absences –

Payable from the fund to which payroll expenditures are charged      \$ 198,105

Other Post Employment Benefits –

Payable from the fund to which payroll expenditures are charged      \$ 550,134

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**7. Long-Term Liabilities: (Continued)**

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

Vermillion School District No 13-1 General Obligation Bonds, Series 2022	During March 2022, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$24,260,000. There is a varying interest rate from 3 to 5.00% assessed on these bonds. Final payment is August 2051. The Debt Service Fund makes payment on this debt.	\$ 23,235,000
Vermillion School District No 13-1 General Obligation Bonds, Series 2022	During March 2022, the School District entered into an agreement to receive General Obligation Bonds with a Reoffering Premium in the amount of \$3,222,575. There is an interest rate of 5.00% assessed on these bonds. Final payment is August 2051. The Debt Service Fund makes payment on this debt.	\$ 2,900,318
Vermillion School District No 13-1 Capital Outlay Certificates Series 2015	During April 2015, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$4,090,000. There is a varying interest rate from .3 to 3.50% assessed on these certificates. Final payment is December 2034. The Capital Outlay Fund makes payment on this debt.	\$ 2,285,000
Vermillion School District No 13-1 Capital Outlay Certificates Series 2016	During February 2016, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$1,165,000. There is a varying interest rate from 1 to 2.00% assessed on these bonds. Final payment is January 2027. The Capital Outlay Fund makes payment on this debt.	\$ 230,000
Vermillion School District No 13-1 Capital Outlay Certificates Series 2022	During May 2022, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$4,790,000. There is a varying interest rate from 3.5 to 5.00% assessed on these bonds. Final payment is August 2037. The Capital Outlay Fund makes payment on this debt.	\$ 4,365,000

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**7. Long-Term Liabilities: (Continued)**

Debt payable at June 30, 2025 is comprised of the following: (Continued)

Vermillion School District No 13-1 Capital Outlay Certificates Series 2022	During May 2022, the School District entered into an agreement to receive Capital Outlay Certificates with a Reoffering Premium in the amount of \$281,296. There is a varying interest rate from 3.5 to 5.00% assessed on these premiums. Final payment is August 2037. The Capital Outlay Fund makes payment on this debt.	\$ 243,789
Vermillion School District No 13-1 Copier Lease	During July 2023, the School District entered into a lease agreement for copiers. There is no interest rate. Final payment in June 2027. The Capital Outlay Fund pays this debt.	\$ 40,821

The annual requirements to amortize the General Obligation Bonds, Capital Outlay Certificates, and Leases outstanding at June 30, 2025, are as follows:

<b>Year Ending June 30,</b>	<b>General Obligation Bonds</b>		<b>Capital Outlay Certificates</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 552,419	\$ 928,145	\$ 588,753	\$ 247,343
2027	587,419	905,020	603,753	237,384
2028	627,419	880,020	508,753	205,900
2029	652,419	853,395	528,753	185,150
2030	682,419	825,395	548,753	163,550
2031-2035	3,852,095	3,674,150	3,073,765	494,587
2036-2040	4,522,095	3,006,575	1,271,260	64,837
2041-2045	5,357,095	2,145,350	--	--
2046-2050	6,402,095	1,080,050	--	--
2051-2055	2,899,842	90,005	--	--
Totals	<u>\$ 26,135,317</u>	<u>\$ 14,388,105</u>	<u>\$ 7,123,790</u>	<u>\$ 1,598,751</u>

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**7. Long-Term Liabilities: (Continued)**

The annual requirements to amortize the General Obligation Bonds, Capital Outlay Certificates, and Leases outstanding at June 30, 2025, are as follows: (Continued)

Year Ending June 30,	Leases		Totals	
	Principal	Interest	Principal	Interest
2026	\$ 20,410	\$ --	\$ 1,161,582	\$ 1,175,488
2027	20,411	--	1,211,583	1,142,404
2028	--	--	1,136,172	1,085,920
2029	--	--	1,181,172	1,038,545
2030	--	--	1,231,172	988,945
2031-2035	--	--	6,925,860	4,168,737
2036-2040	--	--	5,793,355	3,071,412
2041-2045	--	--	5,357,095	2,145,350
2046-2050	--	--	6,402,095	1,080,050
2051-2055	--	--	2,899,842	90,005
	<u>\$ 40,821</u>	<u>\$ --</u>	<u>\$ 33,299,928</u>	<u>\$ 15,986,856</u>

**8. Restricted Net Position:**

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

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 3,278,570
Special Education	Law	1,079,349
Debt Service	Debt Covenant	972,203
SDRS Pension Purposes	Law	532,514
Total		<u>\$ 5,862,636</u>

**9. Interfund Transfers:**

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

Transfer from the General Fund to the Other Enterprise Fund for Preschool Expenses.	\$ 22,000
Transfer from the Other Enterprise Fund to the Capital Outlay Fund to supplement the purchase of an asset.	\$ 116,424

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**9. Interfund Transfers: (Continued)**

Transfer from the Special Education Fund to the General Fund to transfer interest income.	\$ 27,915
---	-----------

**10. Pension Plan:**

Plan Information:

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

Benefits Provided:

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

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are 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 earning based on investment returns.

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**10. Pension Plan: (Continued)**

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

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

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

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

Contributions:

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

<u>Year</u>	<u>Amount</u>
2025	\$ 554,568
2024	526,783
2023	479,842

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 shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2025 are as follows:

Proportionate share of pension liability	\$ 46,688,937
Less proportionate share of net pension restricted for pension	46,701,606
Proportionate share of net pension (asset)	<u>\$ (12,669)</u>

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**10. Pension Plan: (Continued)**

At June 30, 2025, the School District reported an (asset) of (\$12,669) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was 0.31296500%, which is an increase of 0.0028590% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized a pension expense of \$409,498. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,173,134	\$ --
Changes in assumption	208,871	1,592,128
Net difference between projected and actual earnings on pension plan investments	477,199	--
Changes in proportion and difference between district contributions and proportionate share of contributions	140,805	442,604
District contributions subsequent to the measurement date	554,568	--
Total	\$ 2,554,577	\$ 2,034,732

\$554,568 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<b>Year Ended June 30,</b>	
2026	\$ (475,515)
2027	517,120
2028	17,539
2029	37,748
Total	\$ 96,892

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**10. Pension Plan: (Continued)**

Actuarial Assumptions:

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

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

Mortality Rates:

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

Active and Terminated Vested Members:

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

Retired Members:

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

Beneficiaries:

- PubG-2010 contingent survivor mortality table.

Disabled Members:

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

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

**Vermillion School District No. 13-1**

Notes to the Financial Statements

June 30, 2025

---

**10. Pension Plan: (Continued)**

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

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

<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%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	<u>100.0%</u>	

Discount Rate:

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

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**10. Pension Plan: (Continued)**

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	\$ 6,437,571	\$ (12,669)	\$ (5,290,974)

Pension Plan Fiduciary Net Position:

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

**11. Postemployment Healthcare Plan:**

*Plan Description:* Vermillion School District has a pooled defined benefit medical plan administered by Wellmark Blue Cross/Blue Shield. The Plan provides medical and prescription drug insurance benefits to eligible retirees and their spouses. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. SDCL 6-1-16 specifically allows any school district to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. The Plan issues a publicly available actuarial report that includes required supplementary information. That report may be obtained by writing to the Vermillion School District, 1001 E. Main St, Vermillion, SD 57069, or by calling (605) 677-7000.

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

*Employees covered by benefit terms:* At June 30, 2025, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	9
Active employees	173
	182

*Actuarial Methods and Assumptions:* Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS as provided in the June 30, 2024 Actuarial Valuation Report. See Note 10- Pension Note.)

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**11. Postemployment Healthcare Plan: (Continued)**

**Changes in the Total OPEB Liability:**

Beginning of Year Balances	\$ 530,813
Service Cost	37,144
Interest	20,299
Effect on assumptions, changes or inputs	(14,252)
Benefit payments	(23,870)
End of Year Balances	<u>\$ 550,134</u>

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

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate of 3.65%.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 603,601	\$ 550,134	\$ 503,295

For the year ended June 30, 2025, the School District recognized OPEB revenue of \$163,293. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 98,889	\$ (75,845)
Changes in assumption	78,716	(1,333,062)
	<u>\$ 177,605</u>	<u>\$ (1,408,907)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

<u>Year Ended June 30,</u>	
2026	\$ (196,866)
2027	(196,866)
2028	(185,282)
2029	(179,821)
2030	(138,674)
Thereafter	(333,793)
Total	<u>\$ (1,231,302)</u>

**Vermillion School District No. 13-1**  
Notes to the Financial Statements  
June 30, 2025

---

**12. Risk Management:**

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

Employee Health Insurance:

The School District joined the Northern Plains Insurance Pool. This is a risk pool currently operating as a common risk management and insurance program for local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases coverage from Wellmark Blue Cross/Blue Shield with the premiums it receives from the members. The coverage includes the option of two different plans with a deductible from \$2,000 to \$4,000.

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

Liability Insurance:

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

Workers' Compensation:

The School District purchases liability insurance for worker's compensation from a commercial carrier. The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

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

The School District has Assigned Fund Balances in the amount of \$24,811 for the payment of future unemployment benefits.

During the year ended June 30, 2025, there were no claims that were paid. There are no future expected claims at this time.

**13. Subsequent Events:**

Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

## **Required Supplementary Information**

**Vermillion School District No. 13-1**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 4,240,282	\$ 4,240,282	\$ 4,322,444	\$ 82,162
Prior years' ad valorem taxes	25,000	25,000	22,042	(2,958)
Utility taxes	175,000	175,000	168,619	(6,381)
Penalties and interest on taxes	8,000	8,000	7,466	(534)
Tuition and Fees:				
Regular Day School Tuition				
Regular day school transportation fees	24,000	24,000	18,755	(5,245)
Earnings on Investments and Deposits	65,000	65,000	96,333	31,333
Cocurricular Activities:				
Admissions	32,500	32,500	36,257	3,757
Other student activity income	2,500	2,500	912	(1,588)
Other Revenue from Local Sources:				
Rentals	15,000	15,000	18,286	3,286
Contributions and donations	20,000	20,000	18,071	(1,929)
Charges for services	12,000	12,000	13,240	1,240
Other	60,000	60,000	59,741	(259)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	150,000	150,000	140,381	(9,619)
Revenue in lieu of taxes	--	--	105	105
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	6,696,450	6,696,450	6,337,902	(358,548)
Restricted grants-in-aid	11,200	11,200	628	(10,572)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received directly from federal government	15,000	15,000	14,183	(817)
Restricted grants-in-aid received from federal government through the state	817,733	817,733	754,710	(63,023)
Other Federal Revenue	15,500	15,500	12,632	(2,868)
<b>Total Revenues</b>	<u>\$ 12,385,165</u>	<u>\$ 12,385,165</u>	<u>\$ 12,042,707</u>	<u>\$ (342,458)</u>

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

**Vermillion School District No. 13-1**

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis  
June 30, 2025 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Instructional Services:				
Regular Programs:				
Elementary	\$ 3,360,200	\$ 3,360,200	\$ 3,135,613	\$ 224,587
Middle/junior high	1,632,800	1,632,800	1,540,924	91,876
High school	2,235,000	2,235,000	2,179,144	55,856
Special Programs:				
Culturally different	17,100	17,100	14,184	2,916
Educationally deprived	616,000	616,000	618,261	(2,261)
Support Services:				
Students:				
Attendance and social work	215,950	215,950	204,644	11,306
Guidance	344,950	344,950	330,428	14,522
Health	224,950	224,950	195,778	29,172
Instructional Staff:				
Improvement of instruction	231,908	231,908	130,007	101,901
Educational media	314,700	314,700	297,221	17,479
General Administration:				
Board of education	176,650	176,650	136,652	39,998
Executive administration	308,800	308,800	302,960	5,840
School Administration:				
Office of the principal	867,230	867,230	837,553	29,677
Other	4,650	4,650	1,092	3,558
Business:				
Fiscal services	279,900	279,900	228,453	51,447
Operation and maintenance of plant	2,226,250	2,226,250	2,085,065	141,185
Student transportation	456,750	456,750	444,499	12,251
Internal service	45,300	45,300	40,536	4,764
Community Services:				
Nonpublic school	19,325	19,325	6,741	12,584
Cocurricular Activities:				
Male activities	111,760	111,760	103,712	8,048
Female activities	105,895	105,895	96,902	8,993
Transportation	123,000	123,000	114,404	8,596
Combined activities	229,880	229,880	198,895	30,985
Total Expenditures	<u>14,148,948</u>	<u>14,148,948</u>	<u>13,243,668</u>	<u>905,280</u>
Excess of Revenues Over Expenditures	<u>(1,763,783)</u>	<u>(1,763,783)</u>	<u>(1,200,961)</u>	<u>562,822</u>
<b>Other Financing Sources:</b>				
Operating transfers in	--	--	27,915	27,915
Operating transfers out	(22,000)	(22,000)	(22,000)	--
Total Other Financing Sources:	<u>(22,000)</u>	<u>(22,000)</u>	<u>5,915</u>	<u>27,915</u>
Net Change in Fund Balances	(1,785,783)	(1,785,783)	(1,195,046)	590,737
<b>Fund Balance, Beginning of Year</b>	<u>4,719,821</u>	<u>4,719,821</u>	<u>4,719,821</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,934,038</u>	<u>\$ 2,934,038</u>	<u>\$ 3,524,775</u>	<u>\$ 590,737</u>

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

## Vermillion School District No. 13-1

### Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative)</b>
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 2,743,000	\$ 2,743,000	\$ 2,729,215	\$ (13,785)
Prior years' ad valorem taxes	4,000	4,000	13,804	9,804
Penalties and interest on taxes	3,000	3,000	4,015	1,015
Earnings on Investments & Deposits	30,000	30,000	62,620	32,620
Other Revenue from Local Sources:				
Contributions and Donations	--	--	259,802	259,802
Other	--	--	83,286	83,286
Revenue from Federal Sources:				
Grants-in-Aid				
Restricted grants-in-aid received from federal government through the state	218,500	218,500	235,736	17,236
Other Federal Revenue	141,000	141,000	227,446	86,446
<b>Total Revenues</b>	<u>3,139,500</u>	<u>3,139,500</u>	<u>3,615,924</u>	<u>476,424</u>
<b>Expenditures</b>				
Instructional Services:				
Regular Programs:				
Elementary	360,000	360,000	142,532	217,468
Middle/junior high	101,000	101,000	10,887	90,113
High school	388,500	388,500	316,869	71,631
Support Services:				
Students:				
Health	--	--	2,345	(2,345)
Instructional Staff:				
Educational media	20,000	20,000	14,516	5,484
General Administration:				
Executive administration	4,000	4,000	4,170	(170)
Business:				
Fiscal services	3,000	3,000	568	2,432
Facilities acquisition and construction	2,188,000	2,188,000	865,317	1,322,683
Operation and maintenance of plant	1,598,000	1,598,000	1,610,777	(12,777)
Student transportation	118,000	118,000	61,249	56,751
Food services	360,000	360,000	312,420	47,580
Internal service	32,000	32,000	22,111	9,889
Debt Services:	874,515	874,515	870,222	4,293
Cocurricular Activities:				
Combined activities	102,000	102,000	85,666	16,334
<b>Total Expenditures</b>	<u>6,149,015</u>	<u>6,149,015</u>	<u>4,319,649</u>	<u>1,829,366</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(3,009,515)</u>	<u>(3,009,515)</u>	<u>(703,725)</u>	<u>2,305,790</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	--	--	116,424	116,424
Sale of Surplus Property	--	--	1,000	1,000
<b>Total Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>117,424</u>	<u>117,424</u>
Net Change in Fund Balances	(3,009,515)	(3,009,515)	(586,301)	2,423,214
<b>Fund Balance, Beginning of Year</b>	<u>3,843,841</u>	<u>3,843,841</u>	<u>3,843,841</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 834,326</u>	<u>\$ 834,326</u>	<u>\$ 3,257,540</u>	<u>\$ 2,423,214</u>

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

**Vermillion School District No. 13-1**  
Required Supplementary Information – Budgetary Comparison  
Schedule – Special Education Fund – Budgetary Basis  
June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,541,548	\$ 1,541,548	\$ 1,558,278	\$ 16,730
Prior years' ad valorem taxes	3,500	3,500	8,017	4,517
Penalties and interest on taxes	2,000	2,000	2,337	337
Earnings on Investments & Deposits	15,000	15,000	27,915	12,915
Other Revenue from Local Sources:				
Charges for services	18,000	18,000	21,525	3,525
Other Revenue	--	--	7	7
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	679,590	679,590	712,756	33,166
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	419,850	419,850	397,035	(22,815)
Total Revenues	<u>2,679,488</u>	<u>2,679,488</u>	<u>2,727,870</u>	<u>48,382</u>
<b>Expenditures</b>				
Instructional Services:				
Special Programs:				
Programs for special education	2,258,130	2,258,130	1,936,893	321,237
Support Services:				
Students:				
Guidance services	72,800	72,800	67,907	4,893
Speech pathology	342,470	342,470	312,717	29,753
Student therapy services	302,250	302,250	286,520	15,730
Special Education:				
Administrative costs	131,400	131,400	125,685	5,715
Transportation costs	90,240	90,240	65,256	24,984
Other special education costs	125,230	125,230	148,871	(23,641)
Total Expenditures	<u>3,322,520</u>	<u>3,322,520</u>	<u>2,943,849</u>	<u>378,671</u>
Excess of Revenues Over (Under) Expenditures	<u>(643,032)</u>	<u>(643,032)</u>	<u>(215,979)</u>	<u>427,053</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out	--	--	(27,915)	27,915
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(27,915)</u>	<u>27,915</u>
Net Change in Fund Balance	(643,032)	(643,032)	(243,894)	454,968
<b>Fund Balance, Beginning of Year</b>	<u>1,311,347</u>	<u>1,311,347</u>	<u>1,311,347</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 668,315</u>	<u>\$ 668,315</u>	<u>\$ 1,067,453</u>	<u>\$ 454,968</u>

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

**Vermillion School District No. 13-1**  
Notes to the Required Supplementary Information  
June 30, 2025

---

**1. Budgets and Budgetary Accounting:**

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

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

**2. USGAAP/Budgetary Accounting Basis Differences:**

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

**Vermillion School District No. 13-1**  
Schedule of Changes in Total OPEB Liability  
June 30, 2025

---

**Changes in the Total OPEB Liability**

Service Cost	\$ 37,144
Interest on Total OPEB Liability	20,299
Effect of assumption changes or inputs	(14,252)
Benefit payments	<u>(23,870)</u>
Net change in total OPEB liability	19,321
Total OPEB liability, beginning	<u>530,813</u>
Total OPEB liability, ending	<u><u>\$ 550,134</u></u>

**Vermillion School District No. 13-1**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) South Dakota Retirement System

<u>Fiscal Year</u>	<u>District's Proportion of the Net Pension Liability/Asset</u>	<u>District's Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2025	0.312965%	\$ (12,669)	\$ 8,780,208	0.14%	100.00%
2024	0.310106%	\$ (30,268)	\$ 7,998,752	0.38%	100.10%
2023	0.072995%	\$ (6,898)	\$ 7,088,554	0.10%	100.10%
2022	0.301626%	\$ (2,309,939)	\$ 6,883,661	33.56%	105.52%
2021	0.296835%	\$ (12,891)	\$ 6,515,213	0.20%	100.04%
2020	0.293652%	\$ (31,119)	\$ 6,243,626	0.50%	100.09%
2019	0.295079%	\$ (6,882)	\$ 6,134,412	0.11%	100.02%
2018	0.306206%	\$ (27,789)	\$ 6,214,824	0.45%	100.10%
2017	0.298378%	\$ 1,007,890	\$ 5,671,029	17.77%	96.89%
2016	0.301924%	\$ (1,280,544)	\$ 5,511,875	23.23%	104.10%

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

**Vermillion School District No. 13-1**  
Schedule of the School District Contributions South Dakota Retirement System

---

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2025	\$ 554,568	\$ 554,568	\$ --	\$ 9,242,789	6.00%
2024	\$ 526,783	\$ 526,783	\$ --	\$ 8,780,208	6.00%
2023	\$ 479,842	\$ 479,842	\$ --	\$ 7,998,752	6.00%
2022	\$ 425,314	\$ 425,314	\$ --	\$ 7,088,554	6.00%
2021	\$ 410,690	\$ 410,690	\$ --	\$ 6,883,661	5.97%
2020	\$ 390,974	\$ 390,974	\$ --	\$ 6,516,213	6.00%
2019	\$ 374,619	\$ 374,619	\$ --	\$ 6,243,626	6.00%
2018	\$ 368,065	\$ 368,065	\$ --	\$ 6,134,412	6.00%
2017	\$ 373,289	\$ 373,289	\$ --	\$ 6,214,824	6.01%
2016	\$ 340,419	\$ 340,419	\$ --	\$ 5,671,029	6.00%

## Vermillion School District No. 13-1

### Notes to the Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2025

---

#### Changes from Prior Valuation

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

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

#### Benefit Provision Changes

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

#### Actuarial Assumption Changes

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

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

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

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

#### Actuarial Method Changes

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

## Supplementary Information

**Vermillion School District No. 13-1**  
Schedule of Expenditures of Federal Awards  
June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Pass through the S.D. Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NSLP-13001-25	\$ 65,741
Cash Assistance: (Note 3)			
School Breakfast Program	10.553	NSLP-13001-25	65,750
National School Lunch Program	10.555	NSLP-13001-25	285,489
Supply Chain Asst.	10.555	NSLP-13001-25	27,173
Summer Food Service Program for Children	10.559	NSLP-13001-25	50,673
Total Child Nutrition Cluster			<u>494,826</u>
Total U.S. Department of Agriculture			<u>494,826</u>
U.S. Department of Health & Human Services			
Pass through the S.D. Department of Health & Human Services			
Temporary Assistance for Needy Families			
(Jobs for America's Graduates Grant)	93.558	2025G-317	5,904
Total for U.S. Health & Human Services			<u>5,904</u>
U.S. Department of Justice			
Public Safety Partnership & Community			
Policing (COPS Security Grant)	16.710	NA	141,921
Total U.S. Department of Justice			<u>141,921</u>
U.S. Department of Education:			
Direct Programs			
Impact Aid (Title VIII of ESEA)	84.060	NA	14,183
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies (Note 4)	84.010	TIA-13001-25	572,935
IDEA Multi-tiered System of Support Grant	84.027A	NA	258
Career and Technical Education	84.048	PRPI-13001-25	31,070
Special Education - Grants for Infants and Families	84.181	NA	599
Supporting Effective Instruction State Grant	84.367	TIIA-13001-25	104,684
Student Support and Academic Enrichment Program	84.424A	TIVA-13001-25	57,177
Special Education Cluster:			
Special Education Grants to States	84.027	619-13001-25	380,869
Special Education - Preschool Grants	84.173	611-13001-25	15,567
Total Special Education Cluster			<u>396,436</u>
Total U.S. Department of Education			<u>1,177,342</u>
Federal Communications Commission - Direct Programs:			
Universal Services Fund - Schools and Libraries	32.004	NA	98,156
Total for Federal Communications Commission - Direct Programs:			<u>98,156</u>
Grand Total			<u>\$ 1,918,149</u>

**Vermillion School District No. 13-1**  
Schedule of Expenditures of Federal Awards  
June 30, 2025 (Continued)

---

**1. Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Vermillion School District No. 13-1 under programs of the federal government for the year ended. 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 Vermillion School District No. 13-1, it is not intended to and does not present the financial position, changes in net position, or cash flows of Vermillion School District No. 13-1.

**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 allowed or are limited as to reimbursement. The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. Federal Reimbursements:**

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

**4. Major Federal Financial Assistance Program:**

This represents a Major Federal Financial Assistance Program.