

Vermillion School District No. 13-1

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

**For the Year Ended
June 30, 2024**

Vermillion School District No. 13-1

School District Officials

June 30, 2024

Board Members

Rachel Olson ----- Board President

Carol Voss-Ward -----Vice President

Jacob Skelton----- Member

Mark Winegar----- Member

Shane Nordyke ----- Member

Damon Alvey -----Superintendent

Kevin Kocer -----Business Manager

Vermillion School District No. 13-1

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**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, 2024 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 October 3, 2024.

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 LLC". The signature is written in a cursive, slightly slanted style.

Elk Point, South Dakota
October 3, 2024



**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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United 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
October 3, 2024

Vermillion School District No. 13-1
 Schedule of Prior and Current Audit Findings and Questioned Costs
 Year Ended June 30, 2024

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:

CFDA Number	Name of Federal Program
84.425U	ESSER III

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, 2024 (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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 October 3, 2024 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
October 3, 2024

Vermillion School District No. 13-1
Management Discussion and Analysis (MD&A)
June 30, 2024

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, 2024. 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. Once the project is completed, the two existing elementary school buildings will be closed.
- The School's net position from governmental and business-type activities increased approximately \$2,897,974 due primarily to increases in its governmental activities due in part to additional grants and contributions, general revenues in taxes and state sourced income.
- General Fund revenue exceeded expenditures by \$669,983. The General Fund's fund balance increased from \$4,049,838 to \$4,719,821.

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, 2024

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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets 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, 2024

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, 2024

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, 2024

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
	2023	2024	2023	2024	2023	2024	2023-2024
Current and Other Assets	\$37,200,161	\$19,095,535	\$ 633,407	\$ 577,029	\$37,833,568	\$19,672,564	-48.00%
Capital Assets (Net of Depreciation)	35,699,101	55,953,246	186,356	197,267	35,885,457	56,150,513	56.47%
Total Assets	72,899,262	75,048,781	819,763	774,296	73,719,025	75,823,077	2.85%
OPEB Related Deferred Outflows	252,501	215,053	--	--	252,501	215,053	-14.83%
Pension Related Deferred Outflows	1,393,781	2,863,193	--	--	1,393,781	2,863,193	105.43%
Total Deferred Outflows or Resources	1,646,282	3,078,246	--	--	1,646,282	3,078,246	86.98%
Long-Term Liabilities Outstanding	36,617,944	35,093,709	--	--	36,617,944	35,093,709	-4.16%
Other Liabilities	3,638,268	3,638,666	88,421	96,532	3,726,689	3,735,198	0.23%
Total Liabilities	40,256,212	38,732,375	88,421	96,532	40,344,633	38,828,907	-3.76%
Taxes Levied for Future Period	4,335,361	4,543,380	--	--	4,335,361	4,543,380	4.80%
OPEB Related Deferred Inflows	1,231,461	1,628,969	--	--	1,231,461	1,628,969	32.28%
Pension Related Deferred Inflows	403,207	1,951,448	--	--	403,207	1,951,448	383.98%
Total Deferred Inflows of Resources	5,970,029	8,123,797	--	--	5,970,029	8,123,797	36.08%
Net Investment in Capital Assets	18,884,894	21,496,273	186,356	197,267	19,071,250	21,693,540	13.75%
Restricted	7,519,365	7,075,687	--	--	7,519,365	7,075,687	-5.90%
Unrestricted	1,915,044	2,698,895	544,986	480,497	2,460,030	3,179,392	29.24%
Total Net Position.	28,319,303	31,270,855	731,342	677,764	29,050,645	31,948,619	9.98%
Beginning Net Position	25,353,129	28,319,303	628,953	731,342	25,982,082	29,050,645	11.81%
Increase (Decrease) in Net Position	\$ 2,966,174	\$ 2,951,552	\$ 102,389	\$ (53,578)	\$ 3,068,563	\$ 2,897,974	5.56%
Percentage of Increase (Decrease) in Net Position	11.70%	10.42%	16.28%	-7.33%	11.81%	9.98%	

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, 2024

Changes in Net Position

The Vermillion School District’s total revenues (excluding transfers) in FY24 were \$21,922,214. More than 45% of the School’s revenue comes from property and other taxes, with approximately 32% coming from state aid. (See Table A-2).

Table A-2
Vermillion School District 13-1
Sources of Revenues
Fiscal Year 2023-2024

Taxes	\$ 9,983,956	45.55%
State Sources	7,097,062	32.37%
Operating Grants & Contributions	3,076,083	14.03%
Charges For Services	611,604	2.79%
Other General Revenues	308,750	1.41%
Unrestricted Investment Earnings	844,759	3.85%
Total Revenue	\$ 21,922,214	100.00%

Total expenditures of all programs and services increased by approximately 16%. The Vermillion School District expenses totaled \$19,024,240. 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 2023-2024

Instruction	\$ 9,065,205	47.65%
Support Services	7,217,190	37.94%
Interest - on Long-Term Debt	1,029,016	5.41%
Community Services	12,328	0.06%
Cocurricular Activities	559,057	2.94%
Food Service	983,111	5.17%
Drivers Education	158,333	0.83%
Total Expenditures	\$ 19,024,240	100.00%

Vermillion School District No. 13-1
Management Discussion and Analysis (MD&A)
June 30, 2024

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

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	
Revenues							
Program Revenues							
Charge for Services	\$ 37,306	\$ 31,710	\$ 597,561	\$ 579,894	\$ 634,867	\$ 611,604	-3.66%
Operating Grants/Contributions	2,467,428	2,596,257	534,156	479,826	3,001,584	3,076,083	2.48%
General Revenues							
Taxes	9,411,010	9,983,956	--	--	9,411,010	9,983,956	6.09%
Revenue State Sources	6,549,201	7,097,062	--	--	6,549,201	7,097,062	8.37%
Other							
Other general revenues	390,158	308,750	--	--	390,158	308,750	-20.87%
Unrestricted Investment Earnings	831,219	834,613	9,662	10,146	840,881	844,759	0.46%
	<u>19,686,322</u>	<u>20,852,348</u>	<u>1,141,379</u>	<u>1,069,866</u>	<u>20,827,701</u>	<u>21,922,214</u>	<u>5.26%</u>
Expenses							
Instruction	8,559,253	9,065,205	--	--	8,559,253	9,065,205	5.91%
Support Services	6,533,819	7,217,190	--	--	6,533,819	7,217,190	10.46%
Community Services	11,344	12,328			11,344	12,328	8.67%
Non-programmed Charges	82,955	--	--	--	82,955	--	-100.00%
Interest on long-term debt	995,171	1,029,016	--	--	995,171	1,029,016	3.40%
Co-curricular Activities	522,606	559,057	--	--	522,606	559,057	6.97%
Food Service	--	--	877,122	983,111	877,122	983,111	12.08%
Other Enterprise	--	--	176,868	158,333	176,868	158,333	-10.48%
	<u>16,705,148</u>	<u>17,882,796</u>	<u>1,053,990</u>	<u>1,141,444</u>	<u>17,759,138</u>	<u>19,024,240</u>	<u>7.12%</u>
Excess (Deficiency)							
Before Transfers	2,981,174	2,969,552	87,389	(71,578)	3,068,563	2,897,974	-5.56%
Transfers	(15,000)	(18,000)	15,000	18,000	--	--	0.00%
Increase (Decrease) in Net Position	2,966,174	2,951,552	102,389	(53,578)	3,068,563	2,897,974	-5.56%
Beginning Net Position	25,353,129	28,319,303	628,953	731,342	25,982,082	29,050,645	11.81%
Ending 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>

Vermillion School District No. 13-1
Management Discussion and Analysis (MD&A)
June 30, 2024

Governmental Activities

Revenues for the governmental activities increased by approximately 5.92%. Expenses increased by 7.05%. The district had an increase in Governmental Activities Net Position of \$2,897,974. This increase was due in part to additional grants and contributions, additional general revenues in taxes and a significant increase in income from state grants.

Business-Type Activities

Revenues for the business-type activities decreased by 6.27% due to a decrease in revenues from state sources and other general revenues. Expenses increased by 8.30%. 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 increased \$669,983 due to revenues exceeding expenditures. Capital Outlay Fund decreased by \$119,532 due to expenditures exceeding revenues. Special Education Fund increased by \$76,437 as a result of revenues exceeding expenditures..

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 needing additional funding for general operating expenses in the General Fund.

Vermillion School District No. 13-1
Management Discussion and Analysis (MD&A)
June 30, 2024

Capital Asset Administration

By the end of FY24, the School had invested \$56,150,513 (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 increase (including additions and deductions) of \$20,265,056.

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2023	2024	2023	2024		
Land	\$ 107,245	\$ 107,245	\$ --	\$ --	\$ --	0.00%
Construction in progress	16,354,734	36,544,591	--	--	20,189,857	123.45%
Buildings & Improvements	18,532,437	18,293,366	--	--	(239,071)	-1.29%
Machinery & Equipment	618,560	860,040	186,356	197,267	252,391	31.36%
Intangible Lease Assets	--	61,232	--	--	61,232	100.00%
Library Books	86,125	86,772	--	--	647	0.75%
Total Capital Assets	\$ 35,699,101	\$ 55,953,246	\$ 186,356	\$ 197,267	\$ 20,265,056	56.47%

Major capital outlay purchases in FY24 included multiple roof replacements, a concrete pad for the elementary school, LED lighting for the middle and high schools, multiple intercom/bell systems, the elementary school addition project, multiple servers, and multiple vehicles.

Long-Term Debt

At year-end, the School had \$35,093,709 in general long-term obligations. This balance includes Qualified Zone Academy Bonds, General Obligation Bonds, Capital Outlay Certificates, OPEB, and accrued sick leave payable. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2023	2024		
General Obligation Bonds	\$ 24,125,924	\$ 23,695,462	\$ (430,462)	-1.78%
Plus: Unamortized Premiums	3,115,156	3,007,737	(107,419)	-3.45%
Capital Outlay Certificates	7,915,000	7,430,000	(485,000)	-6.13%
Plus: Unamortized Premiums	281,296	262,542	(18,754)	-6.67%
Intangible Lease Liabilities	--	61,232	61,232	100.00%
Other Post Employment Benefits	1,074,514	530,813	(543,701)	-50.60%
Accrued Compensated Absences - Governmental Funds	106,054	105,923	(131)	-0.12%
Total Outstanding Debt	\$ 36,617,944	\$ 35,093,709	\$ (1,524,235)	-4.16%

Vermillion School District No. 13-1
Management Discussion and Analysis (MD&A)
June 30, 2024

The school is liable for the repayment of General Obligation bonds, Capital Outlay Certificates, Intangible Leases 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 1,239 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, 2024

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	
Assets:			
Cash and cash equivalents	\$ 12,016,256	\$ 548,557	\$ 12,564,813
Investments	1,864,887	--	1,864,887
Accounts receivable	584,531	26,663	611,194
Taxes receivable	4,599,594	--	4,599,594
Inventories	--	1,809	1,809
Net pension asset	30,267	--	30,267
Capital assets:			
Land and construction in progress	36,651,836	--	36,651,836
Other capital assets, net of depreciation	19,301,410	197,267	19,498,677
Total Assets	<u>75,048,781</u>	<u>774,296</u>	<u>75,823,077</u>
Deferred Outflows of Resources:			
OPEB-related deferred outflows	215,053	--	215,053
Pension-related deferred outflows	2,863,193	--	2,863,193
Total Deferred Outflows of Resources	<u>3,078,246</u>	<u>--</u>	<u>3,078,246</u>
Liabilities:			
Accounts payable	602,709	--	602,709
Unearned revenue	--	52,268	52,268
Other current liabilities	3,035,957	44,264	3,080,221
Long-term liabilities:			
Due within one year	1,210,006	--	1,210,006
Due in more than one year	33,883,703	--	33,883,703
Total Liabilities	<u>38,732,375</u>	<u>96,532</u>	<u>38,828,907</u>
Deferred Inflows of Resources:			
Taxes levied for future periods	4,543,380	--	4,543,380
Pension related deferred inflows	1,951,448	--	1,951,448
OBEP-related deferred inflows	1,628,969	--	1,628,969
Total Deferred Inflows of Resources	<u>8,123,797</u>	<u>--</u>	<u>8,123,797</u>
Net Position:			
Net investment in capital assets	21,496,273	197,267	21,693,540
Restricted for:			
Capital outlay	3,857,951	--	3,857,951
Special education	1,318,870	--	1,318,870
Debt service	956,854	--	956,854
SDRS pension purposes	942,012	--	942,012
Unrestricted	2,698,895	480,497	3,179,392
Total Net Position	<u>\$ 31,270,855</u>	<u>\$ 677,764</u>	<u>\$ 31,948,619</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, 2024

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	\$ 9,065,205	\$ --	\$ 2,560,780	\$ (6,504,425)	\$ --	\$ (6,504,425)
Support services	7,217,190	--	35,477	(7,181,713)	--	(7,181,713)
Community services	12,328	--	--	(12,328)	--	(12,328)
Interest on long-term debt	1,029,016	--	--	(1,029,016)	--	(1,029,016)
Cocurricular activities	559,057	31,710	--	(527,347)	--	(527,347)
Total Governmental Activities	<u>17,882,796</u>	<u>31,710</u>	<u>2,596,257</u>	<u>(15,254,829)</u>	<u>--</u>	<u>(15,254,829)</u>
Business-Type Activities:						
Food service	983,111	454,795	479,826	--	(48,490)	(48,490)
Preschool	140,757	104,099	--	--	(36,658)	(36,658)
Driver's education	17,576	21,000	--	--	3,424	3,424
Total Business Type Activities	<u>1,141,444</u>	<u>579,894</u>	<u>479,826</u>	<u>--</u>	<u>(81,724)</u>	<u>(81,724)</u>
Total Primary Government	<u>\$ 19,024,240</u>	<u>\$ 611,604</u>	<u>\$ 3,076,083</u>	<u>(15,254,829)</u>	<u>(81,724)</u>	<u>(15,336,553)</u>
General Revenues:						
Taxes:						
Property taxes				9,802,530	--	9,802,530
Gross receipts taxes				181,426	--	181,426
Revenue from state sources:						
State aid				6,385,119	--	6,385,119
Other				711,943	--	711,943
Unrestricted investment earnings				834,613	10,146	844,759
Other general revenues				308,750	--	308,750
Transfers				(18,000)	18,000	--
Total General Revenues and Transfers				<u>18,206,381</u>	<u>28,146</u>	<u>18,234,527</u>
Change in Net Position				2,951,552	(53,578)	2,897,974
Net Position - Beginning of Year				<u>28,319,303</u>	<u>731,342</u>	<u>29,050,645</u>
Net Position - End of Year				<u>\$ 31,270,855</u>	<u>\$ 677,764</u>	<u>\$ 31,948,619</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, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 5,426,860	\$ 4,204,710	\$ 1,432,687	\$ 951,999	\$ --	\$ 12,016,256
Investments	--	--	--	--	1,864,887	1,864,887
Taxes receivable - current	2,031,515	1,187,197	709,434	615,234	--	4,543,380
Taxes receivable - delinquent	29,726	14,110	7,523	4,855	--	56,214
Due from other governments	436,566	51,661	96,304	--	--	584,531
Total Assets	<u>\$ 7,924,667</u>	<u>\$ 5,457,678</u>	<u>\$ 2,245,948</u>	<u>\$ 1,572,088</u>	<u>\$ 1,864,887</u>	<u>\$ 19,065,268</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 12,401	\$ 45,249	\$ 387	\$ --	\$ 544,672	\$ 602,709
Contracts payable	853,347	367,281	143,864	--	1,320,215	2,684,707
Payroll deductions and withholding and employer matching payable	277,857	--	73,393	--	--	351,250
Total Liabilities	<u>1,143,605</u>	<u>412,530</u>	<u>217,644</u>	<u>--</u>	<u>1,864,887</u>	<u>3,638,666</u>
Deferred Inflows of Resources:						
Taxes levied for future period	2,031,515	1,187,197	709,434	615,234	--	4,543,380
Delinquent taxes not available	29,726	14,110	7,523	4,855	--	56,214
Total Deferred Inflows of Resources	<u>2,061,241</u>	<u>1,201,307</u>	<u>716,957</u>	<u>620,089</u>	<u>--</u>	<u>4,599,594</u>
Fund Balances:						
Restricted:						
For capital outlay	--	3,843,841	--	--	--	3,843,841
For special education	--	--	1,311,347	--	--	1,311,347
For debt service	--	--	--	951,999	--	951,999
Assigned	24,811	--	--	--	--	24,811
Unassigned	4,695,010	--	--	--	--	4,695,010
Total Fund Balances	<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>
Total Liabilities and Fund Balances	<u>\$ 7,924,667</u>	<u>\$ 5,457,678</u>	<u>\$ 2,245,948</u>	<u>\$ 1,572,088</u>	<u>\$ 1,864,887</u>	<u>\$ 19,065,268</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, 2024

Total Fund Balances - Governmental Funds \$ 10,827,008

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. 55,953,246

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	(61,232)	
GO Bonds	(26,703,199)	
Other Postemployment Benefits Payable	(530,813)	
Capital Outlay Certificates	(7,692,542)	
Accrued Leave	<u>(105,923)</u>	(35,093,709)

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 56,214

Proportionate Share of Net Pension Asset 30,267

Pension and OPEB related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (3,580,417)

Pension and OPEB related deferred outflows are components of non current assets and therefore are not reported in the funds. 3,078,246

Net Position - Governmental Activities \$ 31,270,855

Vermillion School District No. 13-1
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 4,267,435	\$ 2,603,792	\$ 1,515,616	\$ 1,352,448	\$ --	\$ 9,739,291
Prior years' ad valorem taxes	14,310	7,445	4,129	3,372	--	29,256
Utility taxes	181,426	--	--	--	--	181,426
Penalties and interest on taxes	6,815	3,437	1,931	10,781	--	22,964
Tuition and Fees:						
Regular day school transportation fees	23,860	--	--	--	--	23,860
Earnings on Investments and deposits	108,449	92,759	29,371	--	604,034	834,613
Cocurricular Activities:						
Admissions	31,654	--	--	--	--	31,654
Other student activity income	56	--	--	--	--	56
Other Revenue from Local Sources:						
Rentals	21,028	--	--	--	--	21,028
Contributions and donations	6,567	11,500	--	--	--	18,067
Charges for services	6,993	--	15,336	--	--	22,329
Other	69,220	--	--	--	--	69,220
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	132,995	--	--	--	--	132,995
Revenue in lieu of taxes	112	--	--	--	--	112
Other	--	--	--	--	44,999	44,999
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	6,385,119	--	--	--	--	6,385,119
Restricted grants-in-aid	1,705	--	705,988	--	--	707,693
Other State Revenue	4,250	--	--	--	--	4,250
Revenue from Federal Sources:						
Grants-in-Aid:						
Restricted grants-in-aid received directly from federal government	11,617	--	--	--	--	11,617
Restricted grants-in-aid received from federal government through the state	1,739,510	265,098	394,954	--	--	2,399,562
Other Federal Revenue	--	161,218	--	--	--	161,218
Total Revenues	<u>\$ 13,013,121</u>	<u>\$ 3,145,249</u>	<u>\$ 2,667,325</u>	<u>\$ 1,366,601</u>	<u>\$ 649,033</u>	<u>\$ 20,841,329</u>

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, 2024 (Continued)

	General	Capital Outlay	Special Education	Bond Redemption	Capital Projects	Total Governmental Funds
Expenditures						
Instructional Services:						
Regular Programs:						
Elementary	\$ 2,947,446	\$ 119,378	\$ --	\$ --	\$ --	\$ 3,066,824
Middle/junior high	1,484,062	45,778	--	--	--	1,529,840
High school	2,076,447	181,863	--	--	--	2,258,310
Special Programs:						
Programs for special education	--	--	1,662,326	--	--	1,662,326
Culturally different	11,618	--	--	--	--	11,618
Educationally deprived	526,085	--	--	--	--	526,085
Support Services:						
Students:						
Attendance and social work	246,056	--	--	--	--	246,056
Guidance	315,327	--	62,261	--	--	377,588
Health	199,652	--	--	--	--	199,652
Speech pathology	--	--	315,861	--	--	315,861
Student therapy services	--	--	278,054	--	--	278,054
Instructional Staff:						
Improvement of instruction	192,063	--	--	--	--	192,063
Educational media	284,802	--	--	--	--	284,802
General Administration:						
Board of education	154,682	--	--	--	--	154,682
Executive administration	292,537	--	--	--	--	292,537
School Administration:						
Office of the principal	817,484	--	--	--	--	817,484
Other	2,038	--	--	--	--	2,038
Business:						
Fiscal services	254,450	--	--	--	--	254,450
Facilities acquisition and construction	--	4,704	--	--	1	4,705
Operation and maintenance of plant	1,549,639	570,330	--	--	--	2,119,969
Student transportation	409,593	--	--	--	--	409,593
Internal services	40,734	18,561	--	--	--	59,295
Special Education:						
Administrative costs	--	--	119,945	--	--	119,945
Transportation costs	--	--	34,520	--	--	34,520
Other special education costs	--	--	117,921	--	--	117,921

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, 2024 (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	12,328	--	--	--	--	12,328
Debt Services:	--	740,591	--	1,350,470	--	2,091,061
Cocurricular Activities:						
Male activities	110,989	--	--	--	--	110,989
Female activities	92,760	--	--	--	--	92,760
Transportation	110,700	--	--	--	--	110,700
Combined activities	193,646	38,835	--	--	--	232,481
Capital Outlay	--	1,993,664	--	--	19,272,201	21,265,865
Total Expenditures	<u>12,325,138</u>	<u>3,713,704</u>	<u>2,590,888</u>	<u>1,350,470</u>	<u>19,272,202</u>	<u>39,252,402</u>
Excess of Revenue Over (Under) Expenditures	687,983	(568,455)	76,437	16,131	(18,623,169)	(18,411,073)
Other Financing Sources (Uses):						
Transfer out	(18,000)	--	--	--	--	(18,000)
General Long-Term Debt Issued	--	81,642	--	--	--	81,642
Total Other Financing Sources (Uses)	<u>(18,000)</u>	<u>81,642</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>63,642</u>
Net Change in Fund Balances	669,983	(486,813)	76,437	16,131	(18,623,169)	(18,347,431)
Fund Balance, Beginning of Year	<u>4,049,838</u>	<u>4,330,654</u>	<u>1,234,910</u>	<u>935,868</u>	<u>18,623,169</u>	<u>29,174,439</u>
Fund Balance, End of Year	<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>

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, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (18,347,431)

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. 21,265,865

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. (1,011,720)

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	537,881	
Intangible Lease Liability	20,410	
CO Certificate	503,754	1,062,045

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." 11,019

The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements. (81,642)

Governmental funds do not reflect the change in compensated absences liabilities but the Statement of Activities reflects the change in these accruals through expenses. 131

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (55,460)

Changes in the OPEB related deferred outflows/inflows are direct components of noncurrent liability (asset) and are not reflected in the governmental funds. 108,745

Change in net position of governmental activities \$ 2,951,552

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, 2024

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 368,970	\$ 179,587	\$ 548,557
Accounts receivable, net	5,198	--	5,198
Due from other government	21,465	--	21,465
Inventory of donated food	1,809	--	1,809
Total Current Assets	397,442	179,587	577,029
Noncurrent Assets:			
Machinery and equipment - local funds	459,517	--	459,517
Less accumulated depreciation	(262,250)	--	(262,250)
Total Noncurrent Assets	197,267	--	197,267
Total Assets	\$ 594,709	\$ 179,587	\$ 774,296
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 21,590	\$ --	\$ 21,590
Contracts payable	--	16,605	16,605
Accrued payroll expenses	--	6,069	6,069
Unearned revenue	52,268	--	52,268
Total Current Liabilities	73,858	22,674	96,532
Net Position:			
Net investment in capital assets	197,267	--	197,267
Unrestricted net position	323,584	156,913	480,497
Total Net Position	\$ 520,851	\$ 156,913	\$ 677,764

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, 2024

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Tuition and Fees:			
Preschool Tuition	\$ --	\$ 95,250	\$ 95,250
Driver's Education Fees	--	21,000	21,000
Student Transportation Fees	--	8,849	8,849
Food Sales:			
Student	311,114	--	311,114
Adult	3,073	--	3,073
Al La Carte Sales	140,608	--	140,608
Total Operating Revenue	454,795	125,099	579,894
Operating Expenses:			
Food Service:			
Salaries	--	119,284	119,284
Employee benefits	--	34,326	34,326
Purchased services	884,057	1,251	885,308
Supplies	15,997	3,472	19,469
Cost of sales - donated	56,611	--	56,611
Other	4,093	--	4,093
Depreciation	22,353	--	22,353
Total Operating Expenses	983,111	158,333	1,141,444
Operating Income(Loss)	(528,316)	(33,234)	(561,550)
Nonoperating Revenues/Expenses:			
Investment earnings	10,146	--	10,146
Other local revenue	2,630	--	2,630
State grants	1,805	--	1,805
Federal grants	420,097	--	420,097
Donated food	55,294	--	55,294
Total Nonoperating Revenue/ (Expenses)	489,972	--	489,972
Income (Loss) Before Contributions and Transfers	(38,344)	(33,234)	(71,578)
Transfer	--	18,000	18,000
Change in Net Position	(38,344)	(15,234)	(53,578)
Net Position - Beginning of Year	559,195	172,147	731,342
Net Position - End of Year	\$ 520,851	\$ 156,913	\$ 677,764

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, 2024

	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 450,917	\$ 142,109	\$ 593,026
Cash payments to suppliers	(895,976)	(4,723)	(900,699)
Cash payments to employees	--	(151,229)	(151,229)
Net Cash (Used) by Operating Activities	<u>(445,059)</u>	<u>(13,843)</u>	<u>(458,902)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers In	--	18,000	18,000
Other local revenue	2,630	--	2,630
Cash reimbursements - state	1,805	--	1,805
Cash reimbursements - federal	420,097	--	420,097
Net Cash Provided by Noncapital Financing Activities	<u>424,532</u>	<u>18,000</u>	<u>442,532</u>
Cash Flows from Capital and related Financing Activities:			
Purchase of capital assets	(33,264)	--	(33,264)
Net Cash (Used) by Noncapital Financing Activities	<u>(33,264)</u>	<u>--</u>	<u>(33,264)</u>
Cash Flows from Investing Activities:			
Investment Earnings	10,146	--	10,146
Net Cash Provided by Investing Activities	<u>10,146</u>	<u>--</u>	<u>10,146</u>
Net Change in Cash and Cash Equivalents	(43,645)	4,157	(39,488)
Cash and Cash Equivalents, Beginning of Year	412,615	175,430	588,045
Cash and Cash Equivalents, End of Year	<u>\$ 368,970</u>	<u>\$ 179,587</u>	<u>\$ 548,557</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (528,316)	\$ (33,234)	\$ (561,550)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	22,353	--	22,353
Value of commodities used	56,611	--	56,611
Change in Assets and Liabilities:			
Due from other government	(1,437)	17,010	15,573
Deferred revenue	(2,441)	--	(2,441)
Contracts payable	--	1,221	1,221
Accrued payroll expenses	--	1,160	1,160
Accounts payable	8,171	--	8,171
Net cash (used) by operating activities:	<u>\$ (445,059)</u>	<u>\$ (13,843)</u>	<u>\$ (458,902)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 55,294</u>	<u>\$ --</u>	<u>\$ 55,294</u>

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, 2024

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 28,464
Accounts receivable	<u>446</u>
Total Assets	<u>\$ 28,910</u>
Individuals, organizations, and other governments	<u>\$ 28,910</u>
Total Net Position	<u>\$ 28,910</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, 2024

	Custodial Funds
Additions:	
Interest	\$ 867
Collections for student activities	141,903
Total Additions	142,770
Deductions:	
Payments for student activities	141,362
Total Deductions	141,362
Change in Net Position	1,408
Net Position - Beginning	27,502
Net Position - Ending	\$ 28,910

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024 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, 2024

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, 2024 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, 2024 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, 2024

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:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
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, 2024

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, 2024

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, 2024

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, 2024

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, 2024.

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, 2024

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.

As of June 30, 2024, the School District had the following investments:

	<u>Credit Rating</u>	<u>Fair Value</u>
External Investment Pools:		
South Dakota Public Funds Investment - Trust	Unrated	\$ 1,866,621

Vermillion School District No. 13-1

Notes to the Financial Statements

June 30, 2024

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

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

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 \$605,996 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, 2024

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, 2024.

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, 2024

6. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2024 is as follows:

	<u>Balance 06/30/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/2024</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 107,245	\$ --	\$ --	\$ 107,245
Construction in progress	16,354,734	20,543,708	353,851	36,544,591
Total capital assets not being depreciated	<u>16,461,979</u>	<u>20,543,708</u>	<u>353,851</u>	<u>36,651,836</u>
Capital assets being depreciated/amortized:				
Buildings & Improvements	40,588,665	641,183	--	41,229,848
Machinery & Equipment	1,314,923	333,590	--	1,648,513
Intangible Assets	70,286	81,642	70,286	81,642
Library Books	463,434	19,593	34,073	448,954
Total capital assets being depreciated/amortized	<u>42,437,308</u>	<u>1,076,008</u>	<u>104,359</u>	<u>43,408,957</u>
Less accumulated depreciation/amortized for:				
Buildings & Improvements	22,056,228	880,254	--	22,936,482
Machinery & Equipment	696,363	92,110	--	788,473
Intangible Assets	70,286	20,410	70,286	20,410
Library Books	377,309	18,946	34,073	362,182
Total accumulated depreciation/amortization	<u>23,200,186</u>	<u>1,011,720</u>	<u>104,359</u>	<u>24,107,547</u>
Total capital assets being depreciated/amortized, net	<u>19,237,122</u>	<u>64,288</u>	<u>--</u>	<u>19,301,410</u>
Net Capital Assets	<u>\$ 35,699,101</u>	<u>\$ 20,607,996</u>	<u>\$ 353,851</u>	<u>\$ 55,953,246</u>

Depreciation/Amortization expense was charged to functions as follows:

Instruction	\$ 10,203
Support services	968,980
Amortization	20,410
Co-curricular activities	12,127
Total Depreciation Expense	<u>\$ 1,011,720</u>

	<u>Balance 06/30/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/2024</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 426,253	\$ 33,264	\$ --	\$ 459,517
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>239,897</u>	<u>22,353</u>	<u>--</u>	<u>262,250</u>
Total capital assets being depreciated, net	<u>\$ 186,356</u>	<u>\$ 10,911</u>	<u>\$ --</u>	<u>\$ 197,267</u>

Vermillion School District No. 13-1
Notes to the Financial Statements
June 30, 2024

6. Changes in Capital Assets: (Continued)

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 22,353</u>

Construction Work in Progress at June 30, 2024 is comprised of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Through 6/30/2023</u>	<u>Committed</u>
Elementary Intercom/Bell System	\$ 184,275	\$ 175,869	\$ 8,406
Middle School Intercom/Bell System	84,363	36,594	47,769
High School Intercom/Bell System	34,744	25,690	9,054
High School Shed Project	48,500	39,735	8,765
Elementary & Middle School Sprinklers	65,820	34,267	31,553
Elementary School Addition Project	<u>36,835,855</u>	<u>36,232,436</u>	<u>603,419</u>
Total Work in Progress	<u>\$ 37,253,557</u>	<u>\$ 36,544,591</u>	<u>\$ 708,966</u>

7. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2024 is as follows:

	<u>06/30/2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>06/30/2024</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 24,125,924	\$ --	\$ 430,462	\$ 23,695,462	\$ 460,462
Plus: Unamortized Premiums	3,115,156	--	107,419	3,007,737	107,419
Capital Outlay Certificates	7,915,000	--	485,000	7,430,000	550,000
Plus: Unamortized Premiums	<u>281,296</u>	<u>--</u>	<u>18,754</u>	<u>262,542</u>	<u>18,753</u>
	35,437,376	--	1,041,635	34,395,741	1,136,634
Other Liabilities:					
Compensated Absences	106,054	105,923	106,054	105,923	52,962
OPEB	1,074,514	122,405	666,106	530,813	--
Lease Liability	--	81,642	20,410	61,232	20,410
Total Long-Term Liabilities	<u>\$ 36,617,944</u>	<u>\$ 309,970</u>	<u>\$ 1,834,205</u>	<u>\$ 35,093,709</u>	<u>\$ 1,210,006</u>

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 \$ 105,923

Other Post Employment Benefits –

Payable from the fund to which payroll expenditures are charged \$ 530,813

Vermillion School District No. 13-1
Notes to the Financial Statements
June 30, 2024

7. Long-Term Liabilities: (Continued)

Debt payable at June 30, 2024 is comprised of the following:

Vermillion School District No 13-1 General Obligation Construction Bonds, Series 2009	During September 2009, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$756,938. There is an interest rate of 1.75% assessed on these bonds. Final payment is July 2024. The Capital Outlay Fund makes payment on this debt.	\$ 50,462
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.	\$ 23,645,000
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.	\$ 3,007,737
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.	\$ 2,480,000
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.	\$ 345,000
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.	\$ 4,605,000

Vermillion School District No. 13-1
Notes to the Financial Statements
June 30, 2024

7. Long-Term Liabilities: (Continued)

Debt payable at June 30, 2024 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.	\$ 262,542
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.	\$ 61,232

The annual requirements to amortize the General Obligation Bonds, Capital Outlay Certificates, and Leases outstanding at June 30, 2024, are as follows:

Year Ending June 30,	General Obligation Bonds		Capital Outlay Certificates	
	Principal	Interest	Principal	Interest
2025	\$ 567,881	\$ 950,403	\$ 568,753	\$ 266,364
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
2030-2034	3,702,095	3,821,950	2,963,765	604,412
2035-2039	4,392,095	3,144,600	1,930,012	118,562
2040-2044	5,172,095	2,334,450	--	--
2045-2049	6,177,095	1,310,150	--	--
2050-2054	4,272,262	210,375	--	--
Totals	<u>\$ 26,703,199</u>	<u>\$ 15,338,508</u>	<u>\$ 7,692,542</u>	<u>\$ 1,865,115</u>

Vermillion School District No. 13-1
Notes to the Financial Statements
June 30, 2024

7. Long-Term Liabilities: (Continued)

The annual requirements to amortize the General Obligation Bonds, Capital Outlay Certificates, and Leases outstanding at June 30, 2024, are as follows: (Continued)

Year Ending June 30,	Leases		Totals	
	Principal	Interest	Principal	Interest
2025	\$ 20,410	\$ --	\$ 1,157,044	\$ 1,216,767
2026	20,410	--	1,161,582	1,175,488
2027	20,412	--	1,211,584	1,142,404
2028	--	--	1,136,172	1,085,920
2029	--	--	1,181,172	1,038,545
2030-2034	--	--	6,665,860	4,426,362
2035-2039	--	--	6,322,107	3,263,162
2040-2044	--	--	5,172,095	2,334,450
2045-2049	--	--	6,177,095	1,310,150
2050-2054	--	--	4,272,262	210,375
	<u>\$ 61,232</u>	<u>\$ --</u>	<u>\$ 34,456,973</u>	<u>\$ 17,203,623</u>

8. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2024 was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 3,857,951
Special Education	Law	1,318,870
Debt Service	Debt Covenant	956,854
SDRS Pension Purposes	Law	942,012
Total		<u>\$ 7,075,687</u>

9. Interfund Transfers:

Transfers to/from other funds at June 30, 2024, consist of the following:

Transfer from the General Fund to the Other Enterprise Fund for Preschool Expenses.	\$ 18,000
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Vermillion School District No. 13-1
Notes to the Financial Statements
June 30, 2024

10. Pension Plan:

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in 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.

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%.

Vermillion School District No. 13-1

Notes to the Financial Statements

June 30, 2024

10. Pension Plan: (Continued)

- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, 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, 2024, 2023 and 2022, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 526,783
2023	479,842
2022	425,314

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

At June 30, 2023, SDRS is 100.1% 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, 2024 are as follows:

Proportionate share of pension liability	\$ 44,936,507
Less proportionate share of net pension restricted for pension	44,966,774
Proportionate share of net pension (asset)	<u>\$ (30,267)</u>

Vermillion School District No. 13-1
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

At June 30, 2024, the School District reported an (asset) of (\$30,267) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2023 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, 2023, the School District's proportion was 0.31010600%, which is an increase of 0.2371110% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized a pension expense of \$55,461. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 857,954	\$ --
Changes in assumption	1,034,812	1,512,664
Net difference between projected and actual earnings on pension plan investments	201,512	--
Changes in proportion and difference between district contributions and proportionate share of contributions	242,132	438,784
District contributions subsequent to the measurement date	526,783	--
Total	\$ 2,863,193	\$ 1,951,448

\$526,783 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2025	\$ 381,402
2026	(489,291)
2027	493,712
2028	(861)
Total	\$ 384,962

Vermillion School District No. 13-1
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
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	1.91%

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, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2022.

Vermillion School District No. 13-1

Notes to the Financial Statements

June 30, 2024

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, 2023 (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%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
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, 2024

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)	\$ 6,203,822	\$ (30,267)	\$ (5,128,564)

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, 2024, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	9
Active employees	164
	173

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 October 25, 2023 Actuarial Valuation Report. See Note 10- Pension Note.)

Vermillion School District No. 13-1
Notes to the Financial Statements
June 30, 2024

11. Postemployment Healthcare Plan: (Continued)

Changes in the Total OPEB Liability:

Beginning of Year Balances	\$ 1,074,514
Service Cost	82,085
Interest	40,320
Effect of economic/demographic gains or losses	(46,696)
Effect on assumptions, changes or inputs	(583,830)
Benefit payments	(35,580)
End of Year Balances	\$ 530,813

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%.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 583,191	\$ 530,813	\$ 484,910

For the year ended June 30, 2024, the School District recognized OPEB expense (revenue) (\$139,423) At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 121,623	\$ (86,180)
Changes in assumption	93,430	(1,542,789)

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

Year Ended June 30,	
2025	\$ (195,570)
2026	(195,570)
2027	(195,570)
2028	(195,570)
2029	(195,570)
Thereafter	(464,695)
Total	\$ (1,442,545)

Vermillion School District No. 13-1

Notes to the Financial Statements

June 30, 2024

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, 2024, 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, 2024, 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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 4,010,317	\$ 4,010,317	\$ 4,267,435	\$ 257,118
Prior years' ad valorem taxes	25,000	25,000	14,310	(10,690)
Utility taxes	175,000	175,000	181,426	6,426
Penalties and interest on taxes	8,000	8,000	6,815	(1,185)
Tuition and Fees:				
Regular day school transportation fees	20,000	20,000	23,860	3,860
Earnings on Investments and Deposits	60,000	60,000	108,449	48,449
Cocurricular Activities:				
Admissions	32,500	32,500	31,654	(846)
Other student activity income	2,500	2,500	56	(2,444)
Other Revenue from Local Sources:				
Rentals	12,000	12,000	21,028	9,028
Contributions and donations	--	--	6,567	6,567
Charges for services	12,000	12,000	6,993	(5,007)
Other	33,000	65,000	69,220	4,220
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	150,000	150,000	132,995	(17,005)
Revenue in lieu of taxes	--	--	112	112
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	6,457,729	6,457,729	6,385,119	(72,610)
Restricted grants-in-aid	11,200	11,200	1,705	(9,495)
Other State Revenues	--	--	4,250	4,250
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received directly from federal government	16,000	16,000	11,617	(4,383)
Restricted grants-in-aid received from federal government through the state	1,562,315	2,031,315	1,739,510	(291,805)
Total Revenues	\$ 12,587,561	\$ 13,088,561	\$ 13,013,121	\$ (75,440)

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, 2024 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 2,944,975	\$ 3,262,975	\$ 2,947,446	\$ 315,529
Middle/junior high	1,581,400	1,636,400	1,484,062	152,338
High school	2,051,470	2,280,470	2,076,447	204,023
Special Programs:				
Culturally different	16,000	16,000	11,618	4,382
Educationally deprived	521,675	549,675	526,085	23,590
Support Services:				
Students:				
Attendance and social work	205,050	271,550	246,056	25,494
Guidance	330,250	330,250	315,327	14,923
Health	177,600	234,600	199,652	34,948
Instructional Staff:				
Improvement of instruction	223,708	284,208	192,063	92,145
Educational media	300,450	304,450	284,802	19,648
General Administration:				
Board of education	143,750	167,450	154,682	12,768
Executive administration	293,550	295,550	292,537	3,013
School Administration:				
Office of the principal	825,495	825,495	817,484	8,011
Other	5,550	5,550	2,038	3,512
Business:				
Fiscal services	291,000	291,000	254,450	36,550
Operation and maintenance of plant	1,565,550	1,753,550	1,549,639	203,911
Student transportation	430,950	430,950	409,593	21,357
Internal service	34,300	44,300	40,734	3,566
Community Services:				
Nonpublic school	20,425	20,425	12,328	8,097
Cocurricular Activities:				
Male activities	107,210	112,210	110,989	1,221
Female activities	98,545	103,545	92,760	10,785
Transportation	90,000	111,000	110,700	300
Combined activities	219,190	220,190	193,646	26,544
Total Expenditures	<u>12,478,093</u>	<u>13,551,793</u>	<u>12,325,138</u>	<u>1,226,655</u>
Excess of Revenues Over Expenditures	<u>109,468</u>	<u>(463,232)</u>	<u>687,983</u>	<u>1,151,215</u>
Other Financing Sources:				
Operating transfers out	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>--</u>
Total Other Financing Sources:	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>--</u>
Net Change in Fund Balances	91,468	(481,232)	669,983	1,151,215
Fund Balance, Beginning of Year	<u>4,049,838</u>	<u>4,049,838</u>	<u>4,049,838</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 4,141,306</u>	<u>\$ 3,568,606</u>	<u>\$ 4,719,821</u>	<u>\$ 1,151,215</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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 2,578,000	\$ 2,578,000	\$ 2,603,792	\$ 25,792
Prior years' ad valorem taxes	3,000	3,000	7,445	4,445
Penalties and interest on taxes	3,000	3,000	3,437	437
Earnings on Investments & Deposits	15,000	15,000	92,759	77,759
Other Revenue from Local Sources:				
Contributions and Donations	--	--	11,500	11,500
Revenue from Federal Sources:				
Grants-in-Aid				
Restricted grants-in-aid received from federal government through the state	244,500	397,500	265,098	(132,402)
Other Federal Revenue	--	300,000	161,218	(138,782)
Total Revenues	2,843,500	3,296,500	3,145,249	(151,251)
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	123,000	433,000	119,378	313,622
Middle/junior high	99,500	204,500	45,778	158,722
High school	107,500	242,500	216,396	26,104
Instructional Staff:				
Educational media	20,000	29,000	27,597	1,403
General Administration:				
Executive administration	4,000	4,000	--	4,000
Business:				
Fiscal services	3,000	3,000	--	3,000
Facilities acquisition and construction	1,994,500	1,994,500	953,400	1,041,100
Operation and maintenance of plant	1,479,800	1,729,800	1,331,596	398,204
Student transportation	130,000	148,000	139,930	8,070
Food services	360,000	360,000	--	360,000
Internal service	31,000	31,000	18,561	12,439
Debt Services:	826,940	826,940	822,233	4,707
Cocurricular Activities:				
Combined activities	41,000	41,000	38,835	2,165
Total Expenditures	5,220,240	6,047,240	3,713,704	2,333,536
Excess of Revenue Over (Under)				
Expenditures	(2,376,740)	(2,750,740)	(568,455)	2,182,285
Other Financing Sources (Uses):				
Proceeds of general long-term liabilities	--	--	81,642	81,642
Total Other Financing Sources (Uses)	--	--	81,642	81,642
Net Change in Fund Balances	(2,376,740)	(2,750,740)	(486,813)	2,263,927
Fund Balance, Beginning of Year	4,330,654	4,330,654	4,330,654	--
Fund Balance, End of Year	\$ 1,953,914	\$ 1,579,914	\$ 3,843,841	\$ 2,263,927

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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,437,953	\$ 1,437,953	\$ 1,515,616	\$ 77,663
Prior years' ad valorem taxes	2,500	2,500	4,129	1,629
Penalties and interest on taxes	1,500	1,500	1,931	431
Earnings on Investments & Deposits	5,000	5,000	29,371	24,371
Other Revenue from Local Sources:				
Charges for services	11,500	11,500	15,336	3,836
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	950,000	950,000	705,988	(244,012)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	360,000	360,000	394,954	34,954
Total Revenues	<u>2,768,453</u>	<u>2,768,453</u>	<u>2,667,325</u>	<u>(101,128)</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	1,888,340	1,903,340	1,662,326	241,014
Support Services:				
Students:				
Guidance services	68,500	68,500	62,261	6,239
Speech pathology	294,470	299,470	315,861	(16,391)
Student therapy services	282,400	297,200	278,054	19,146
Special Education:				
Administrative costs	127,000	127,000	119,945	7,055
Transportation costs	77,600	85,600	34,520	51,080
Other special education costs	103,000	103,000	117,921	(14,921)
Total Expenditures	<u>2,841,310</u>	<u>2,884,110</u>	<u>2,590,888</u>	<u>293,222</u>
Net Change in Fund Balance	(72,857)	(115,657)	76,437	192,094
Fund Balance, Beginning of Year	<u>1,234,910</u>	<u>1,234,910</u>	<u>1,234,910</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,162,053</u>	<u>\$ 1,119,253</u>	<u>\$ 1,311,347</u>	<u>\$ 192,094</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, 2024

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, 2024

Changes in the Total OPEB Liability

Service Cost	\$ 82,085
Interest on Total OPEB Liability	40,320
Effect of economic/demographic gains or losses	(46,696)
Effect of assumption changes or inputs	(583,830)
Benefit payments	<u>(35,580)</u>
Net change in total OPEB liability	(543,701)
Total OPEB liability, beginning	<u>1,074,514</u>
Total OPEB liability, ending	<u><u>\$ 530,813</u></u>

Vermillion School District No. 13-1

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.3101060%	0.0729950%	0.3016260%	0.2968347%	0.2936520%	0.2950793%	0.3062064%	0.2983776%	0.3019235%	0.3079737%
District's proportionate share of net pension liability (asset)	\$ (30,267)	\$ (6,898)	\$ (2,309,939)	\$ (12,891)	\$ (31,119)	\$ (6,882)	\$ (27,789)	\$ 1,007,890	\$ (1,280,544)	\$ (2,218,825)
District's covered-employee payroll	\$ 7,998,752	\$ 7,088,554	\$ 6,883,661	\$ 6,515,213	\$ 6,243,626	\$ 6,134,412	\$ 6,214,824	\$ 5,671,029	\$ 5,511,875	\$ 5,385,402
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.38%	-0.10%	-33.56%	-0.20%	-0.50%	-0.11%	-0.45%	17.77%	-23.23%	-41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 526,783	\$ 479,842	\$ 425,314	\$ 410,690	\$ 390,974	\$ 374,619	\$ 368,065	\$ 373,289	\$ 340,419	\$ 330,736
Contributions in relation to the contractually-required contribution	<u>526,783</u>	<u>479,842</u>	<u>425,314</u>	<u>410,690</u>	<u>390,974</u>	<u>374,619</u>	<u>368,065</u>	<u>373,289</u>	<u>340,419</u>	<u>330,736</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 8,780,208	\$ 7,998,752	\$ 7,088,554	\$ 6,883,661	\$ 6,516,213	\$ 6,243,626	\$ 6,134,412	\$ 6,214,842	\$ 5,671,029	\$ 5,511,875
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	5.97%	6.00%	6.00%	6.00%	6.01%	6.00%	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, 2024

Changes from Prior Valuation

The June 30, 2023, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2022, Actuarial Valuation.

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

Benefit Provision Changes

During the 2023 Legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety members.

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, 2022 the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%.

As of June 30, 2023 the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

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, 2024

<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-24-316	\$ 55,295
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	NSLP-24-316	56,397
National School Lunch Program (Note 3)	10.555	NSLP-24-316	273,966
Supply Chain Asst.	10.555	NSLP-24-316	37,251
Summer Food Service Program for Children	10.559	NSLP-24-316	52,483
Total Child Nutrition Cluster			<u>475,392</u>
Total U.S. Department of Agriculture			<u>475,392</u>
U.S. Department of Justice			
Public Safety Partnership & Community			
Policing (COPS Security Grant)	16.710	NA	161,218
Total U.S. Department of Justice			<u>161,218</u>
U.S. Department of Education:			
Direct Programs			
Impact Aid (Title VIII of ESEA)	84.060	NA	11,617
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies	84.010	TIA-13001-24	481,138
Career and Technical Education	84.048	PRPI-13001-24	31,816
Special Education - Grants for Infants and Families	84.181	611-13001-24	1,025
Supporting Effective Instruction State Grant	84.367	TIIA-13001-24	116,984
Student Support and Academic Enrichment Program	84.424A	TIVA-13001-24	46,385
Cares ESSER funds ARP (Note 4)	84.425U	NA	1,328,285
Special Education Cluster:			
Special Education Grants to States	84.027	619-1300-24	377,707
Special Education - Preschool Grants	84.173	611-13001-24	16,222
Total Special Education Cluster			<u>393,929</u>
Total U.S. Department of Education			<u>2,411,179</u>
Grand Total			<u>\$ 3,047,789</u>

Vermillion School District No. 13-1
Schedule of Expenditures of Federal Awards
June 30, 2024 (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.