

Viborg-Hurley School District No. 60-6

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

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

Viborg-Hurley School District No. 60-6

School District Officials

June 30, 2025

Board Members

Chris Richards----- Board President

Stacey Sorlien -----Vice President

Faydra Christensen ----- Member

Trevor Mansfield ----- Member

Adam Hoelsing ----- Member

Brett Mellem -----Superintendent

Matt Jensen -----Business Manager

Viborg-Hurley School District No. 60-6

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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
Viborg-Hurley School District No. 60-6
Turner County, 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 Viborg-Hurley School District No. 60-6, South Dakota, as of June 30, 2025 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated March 26, 2026, which was qualified because the School District did not adopt Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*.

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as items 2025-001 and 2025-002 that we consider to be a material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Viborg-Hurley 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*.

School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Viborg-Hurley 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.



Yankton, South Dakota
March 26, 2026

Viborg-Hurley School District No. 60-6
Schedule of Prior Audit Findings
Year Ended June 30, 2025

Prior Audit Findings:

Finding Number 2024-001 – Internal Control Finding

There is a significant deficiency resulting from lack of segregation of duties. This finding has not been corrected and is being restated as Finding 2025-001.

Viborg-Hurley School District No. 60-6

Schedule of Current Audit Findings

Year Ended June 30, 2025

Current Audit Findings:

Finding Number 2025-001 – Internal Control Finding

There is a material weakness resulting from a lack of segregation of duties.

Criteria: In order to achieve proper internal control, it is necessary to have segregation of duties provided between performance, review and record keeping. Lack of this segregation of duties could adversely affect the organization's ability to record, process, summarize and report financial data consistent with management assertions.

Condition, Cause and Effect: The size of the accounting staff employed by the entity precludes an adequate segregation of duties.

Recommendation: We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. We recommend that management attempt to provide compensating internal controls whenever, and wherever, possible, and practical.

Management's Response: Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.

Finding Number 2025-002 – Internal Control Finding

There is a material weakness of internal control over year-end closing procedures including preparation of financial statements.

Criteria: The District's internal control structure should provide for the preparation of financial statements and footnotes in accordance with generally accepted accounting principles.

Condition, Cause and Effect: The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including required footnotes, and disclosures, in accordance with generally accepted accounting principles. The District does not have adequate staff trained to prepare the financial statements and footnotes. This condition may affect the District's ability to report financial data in accordance with generally accepted accounting principles.

Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response: The School District has for many years utilized the School District's audit firm for the preparation of the financial statements in coordination with the annual School District audit. School District management personnel have been responsible for oversight of those services provided. The School District has designated an individual to work directly with the District's auditing firm in the preparation of the financial statements and footnotes. The School District understands that this may continue to be a finding in future audits.



Independent Auditor's Report

School Board
Viborg-Hurley School District No. 60-6
Turner County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 Viborg-Hurley School District No. 60-6, South Dakota, as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise Viborg-Hurley School District's basic financial statements as listed in the table of contents.

In our opinion, except for the matters described in the "Basis for Qualified and Unmodified Opinions" section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Viborg-Hurley School District No. 60-6 as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified 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 qualified and unmodified audit opinions.

The School District did not adopt Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which is a departure from accounting principles generally accepted in the United States of America (USGAAP). The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses/expenditures of the governmental activities, the general governmental fund, and the aggregate remaining fund information is not reasonably determinable.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal 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 Standard* 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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (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 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2026, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



Yankton, South Dakota
March 26, 2026

Viborg-Hurley School District No. 60-6
Management Discussion and Analysis (MD&A)
June 30, 2025

This section of Viborg-Hurley School District 60-6's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- During the year, the District's revenue generated from taxes and other revenues of the governmental and business-type programs was \$206,853 more than the \$6,098,963 in governmental and business-type expenditures.

Overview of the Financial Statements

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and 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.
 1. The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
 2. Proprietary fund statements offer short and long-term financial information about the activities that the school operates like a business. The only proprietary funds operated by the school are the Food Service; Fund 51 and Other Enterprise Operations; Fund 53. Fund 53 includes Drivers Education and the Day Care Program which is located in the Hurley building.
 3. Fiduciary fund statements provide information about the financial relationships – like student organization club accounts – 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.

Figure A-1 summarizes the major features of the District'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.

Viborg-Hurley School District No. 60-6
Management Discussion and Analysis (MD&A)
June 30, 2025

Figure A-1

Major Features of Viborg-Hurley School District'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.	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 Net Position • Statement of Changes in 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 District'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

Viborg-Hurley School District No. 60-6
Management Discussion and Analysis (MD&A)
June 30, 2025

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district'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 District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

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

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

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

Fund Financial Statements

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

- State law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes.

Viborg-Hurley School District No. 60-6
Management Discussion and Analysis (MD&A)
June 30, 2025

The School has three kinds of funds:

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

Viborg-Hurley School District No. 60-6
Management Discussion and Analysis (MD&A)
June 30, 2025

Financial Analysis of the School as a Whole

Net Position

The District's combined net position changed as follows:

Table A-1
Viborg-Hurley School District 60-6
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
	Current and Other Assets	\$ 7,148,052	\$11,005,988	\$ 152,439	\$ 168,910	\$ 7,300,491	\$11,174,898
Capital Assets (Net of Depreciation)	6,912,971	8,108,001	42,662	36,881	6,955,633	8,144,882	17.10%
Total Assets	14,061,023	19,113,989	195,101	205,791	14,256,124	19,319,780	35.52%
Pension Related Deferred Outflows	750,551	684,625	--	--	750,551	684,625	-8.78%
Total Deferred Outflows or Resources	750,551	684,625	--	--	750,551	684,625	-8.78%
Long-Term Liabilities Outstanding	222,394	4,966,932	--	--	222,394	4,966,932	2133.39%
Other Liabilities	325,236	345,388	1,353	20,005	326,589	365,393	11.88%
Total Liabilities	547,630	5,312,320	1,353	20,005	548,983	5,332,325	871.31%
Taxes Levied for Future Period	1,296,970	1,326,729	--	--	1,296,970	1,326,729	2.29%
Pension Related Deferred Inflows	441,905	439,020	--	--	441,905	439,020	-0.65%
Total Deferred Inflows of Resources	1,738,875	1,765,749	--	--	1,738,875	1,765,749	1.55%
Net Investment in Capital Assets	6,912,971	3,359,024	42,662	36,881	6,955,633	3,395,905	-51.18%
Restricted	4,718,265	8,262,792	--	--	4,718,265	8,262,792	75.12%
Unrestricted	893,833	1,098,729	151,086	148,905	1,044,919	1,247,634	19.40%
Total Net Position	12,525,069	12,720,545	193,748	185,786	12,718,817	12,906,331	1.47%
Beginning Net Position	11,812,620	12,525,069	209,376	193,748	12,021,996	12,718,817	5.80%
Adjustment - see note 13	--	--	--	(19,339)	--	(19,339)	100.00%
Increase (Decrease) in Net Position	\$ 712,449	\$ 195,476	\$ (15,628)	\$ 11,377	\$ 696,821	\$ 206,853	70.31%
Percentage of Increase (Decrease) in Net Position	6.03%	1.56%	-7.46%	5.87%	5.80%	1.63%	

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities 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, consist of capital outlay certificates and other post-employment benefits payable have been reported in this manner on the Statement of Net Position. The difference between the school's assets and liabilities is its net position.

Viborg-Hurley School District No. 60-6
Management Discussion and Analysis (MD&A)
June 30, 2025

Changes in Net Position

The School’s total revenues totaled \$6,305,816. Approximately 49% of the School’s revenue comes from property taxes, with another 32% coming from State Aid . (See Table A-2).

Table A-2
Viborg-Hurley School District 60-6
Sources of Revenues
Fiscal Year 2024-2025

Taxes	\$ 3,086,607	48.95%
State Sources	1,990,203	31.56%
Operating Grants & Contributions	616,616	9.78%
Charges For Services	274,451	4.35%
Other General Revenues	88,433	1.40%
Intermediate sources	12,942	0.21%
Unrestricted Investment Earnings	<u>236,564</u>	<u>3.75%</u>
Total Revenue	<u><u>\$ 6,305,816</u></u>	<u><u>100.00%</u></u>

The School’s expenses totaled \$6,098,963 and covered a range of services, including instruction, support services, debt services, cocurricular activities, food service, and other enterprise (See Table A-3).

Table A-3
Viborg-Hurley School District 60-6
Statement of Expenditures
Fiscal Year 2024-2025

Instruction	\$ 2,828,042	46.38%
Support Services	2,568,574	42.11%
Debt Services	73,471	1.20%
Cocurricular Activities	286,505	4.70%
Food Service	275,686	4.52%
Other Enterprise	<u>66,685</u>	<u>1.09%</u>
Total Expenditures	<u><u>\$ 6,098,963</u></u>	<u><u>100.00%</u></u>

Viborg-Hurley School District No. 60-6
Management Discussion and Analysis (MD&A)
June 30, 2025

Governmental and Business-Type Activities

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

Table A-4

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
Revenues							
Program Revenues							
Charge for Services	\$ 27,442	\$ 38,978	\$ 245,535	\$ 235,473	\$ 272,977	\$ 274,451	0.54%
Operating Grants/Contributions	151,833	498,341	107,181	118,275	259,014	616,616	138.06%
General Revenues							
Taxes	3,077,756	3,086,607	--	--	3,077,756	3,086,607	0.29%
Revenue State Sources	1,770,355	1,990,203	--	--	1,770,355	1,990,203	12.42%
Revenue Intermediate Sources	12,883	12,942	--	--	12,883	12,942	0.46%
Unrestricted Investment Earnings	174,309	236,564	--	--	174,309	236,564	35.72%
Other General Revenues	520,260	88,433	--	--	520,260	88,433	-83.00%
Total Revenues	5,734,838	5,952,068	352,716	353,748	6,087,554	6,305,816	3.59%
Expenses							
Instruction	2,627,507	2,828,042	--	--	2,627,507	2,828,042	7.63%
Support Services	2,117,922	2,568,574	--	--	2,117,922	2,568,574	21.28%
Debt Services	--	73,471	--	--	--	73,471	100.00%
Co-curricular Activities	276,960	286,505	--	--	276,960	286,505	3.45%
Food Service	--	--	306,029	275,686	306,029	275,686	-9.92%
Other Enterprise	--	--	62,315	66,685	62,315	66,685	7.01%
Total Expenses	5,022,389	5,756,592	368,344	342,371	5,390,733	6,098,963	13.14%
Increase (Decrease) in Net Position	712,449	195,476	(15,628)	11,377	696,821	206,853	-70.31%
Beginning Net Position	11,812,620	12,525,069	209,376	193,748	12,021,996	12,718,817	5.80%
Adjustment - see note 13	--	--	--	(19,339)	--	(19,339)	
Beginning Net Position as Adjusted	11,812,620	12,525,069	209,376	174,409	12,021,996	12,699,478	5.64%
Ending Net Position	\$12,525,069	\$12,720,545	\$ 193,748	\$ 185,786	\$12,718,817	\$12,906,331	1.47%

Governmental Activities

Revenues for the governmental activities increased by 3.8% due to an increase in operating grants, taxes, and investment earnings. Expenses increased by 14.63% due to larger expenses in instruction and support services compared to prior year expenses.

Viborg-Hurley School District No. 60-6
Management Discussion and Analysis (MD&A)
June 30, 2025

Business Type Activities

Revenues of the School’s business-type activities remained consistent with only a 0.3% increase from prior years revenues. Expenses decreased by 7.1% due to decreased food service expenses during the current year.

Financial Analysis of the District’s Funds

Fund balances changed as follows: General Fund increased \$205,391 and the Capital Outlay Fund increased \$3,769,322. The Special Education Fund decreased \$152,746. Due to these changes, the district is in good financial standing.

Budgetary Highlights

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

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations to prevent budget overruns.

Capital Asset Administration

At the end of 2025, the School had the following changes in Capital Assets (See Table A-5).

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2024	2025	2024	2025		
Land	\$ 234,717	\$ 184,577	\$ --	\$ --	\$ (50,140)	-21.36%
Construction in Progress	25,000	1,441,023	--	--	1,416,023	100.00%
Buildings	5,440,598	5,292,957	--	--	(147,641)	-2.71%
Improvements	246,679	223,132	--	--	(23,547)	-9.55%
Machinery & Equipment	965,977	966,312	42,662	36,881	(5,446)	-0.54%
Total Capital Assets	<u>\$ 6,912,971</u>	<u>\$ 8,108,001</u>	<u>\$ 42,662</u>	<u>\$ 36,881</u>	<u>\$ 1,189,249</u>	<u>17.10%</u>

Some of this year’s major capital asset purchases were a HVAC and AC unit, a new gym sound system, 4 propane tanks in Hurley, a van, a plasma cam, and beginning construction costs on the new athletic complex.

Viborg-Hurley School District No. 60-6
Management Discussion and Analysis (MD&A)
June 30, 2025

Long-Term Debt

The Viborg-Hurley School District had \$4,966,932 in outstanding debt and obligations see individual balances on Table A-6. This is a 2133.4% increase from last year as shown on Table A-6. Viborg received a capital outlay certificate in current year leading to this large increase.

Table A-6
Outstanding Debt and Obligations

	<u>Governmental Activities</u>		<u>Total Dollar</u>	<u>Total %</u>
	<u>2024</u>	<u>2025</u>	<u>Change</u>	<u>Change</u>
Capital Outlay Certificates	\$ --	\$ 4,500,000	\$ 4,500,000	100.00%
Plus: Unamortized Premiums	--	248,977	248,977	100.00%
Other Post Employment Benefits	222,394	217,955	(4,439)	-2.00%
Total Outstanding Debt	<u>\$ 222,394</u>	<u>\$ 4,966,932</u>	<u>\$ 4,744,538</u>	<u>2133.39%</u>

Economic Factors and Next Year’s Budgets and Rates

The District does have the ability to increase the amount of revenue generated from property taxes, however, the total amount which can be levied is limited by the State of South Dakota.

One of the primary sources of revenue to the District is based on a per student allocation received from the State of South Dakota. The state aid enrollment at Viborg-Hurley School District 60-6 was 389 students.

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 District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional information, contact the District’s Business Office, 203 W Park Avenue, Viborg, SD 57070.

Viborg-Hurley School District No. 60-6
Statement of Net Position – Government-Wide
June 30, 2025

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and cash equivalents	\$ 7,739,918	\$ 143,090	\$ 7,883,008
Investments	1,615,942	--	1,615,942
Taxes receivable	1,383,596	--	1,383,596
Inventories	--	25,394	25,394
Other assets	263,065	426	263,491
Net pension asset	3,467	--	3,467
Capital assets:			
Land and construction in progress	1,625,600	--	1,625,600
Other capital assets, net of depreciation	6,482,401	36,881	6,519,282
Total Assets	<u>19,113,989</u>	<u>205,791</u>	<u>19,319,780</u>
Deferred Outflows of Resources:			
Pension-related deferred outflows	684,625	--	684,625
Total Deferred Outflows of Resources	<u>684,625</u>	<u>--</u>	<u>684,625</u>
Liabilities:			
Other current liabilities	345,388	8	345,396
Unearned revenue	--	19,997	19,997
Long-term liabilities:			
Due within one year	13,104	--	13,104
Due in more than one year	4,953,828	--	4,953,828
Total Liabilities	<u>5,312,320</u>	<u>20,005</u>	<u>5,332,325</u>
Deferred Inflows of Resources:			
Taxes levied for future periods	1,326,729	--	1,326,729
Pension related deferred inflows	439,020	--	439,020
Total Deferred Inflows of Resources	<u>1,765,749</u>	<u>--</u>	<u>1,765,749</u>
Net Position:			
Net investment in capital assets	3,359,024	36,881	3,395,905
Restricted for:			
Capital outlay	6,422,915	--	6,422,915
Special education	1,581,117	--	1,581,117
Insurance purposes	9,688	--	9,688
SDRS pension purposes	249,072	--	249,072
Unrestricted	1,098,729	148,905	1,247,634
Total Net Position	<u>\$ 12,720,545</u>	<u>\$ 185,786</u>	<u>\$ 12,906,331</u>

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

Viborg-Hurley School District No. 60-6
Statement of Activities – Government-Wide
June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 2,828,042	\$ --	\$ 475,318	\$ (2,352,724)	\$ --	\$ (2,352,724)
Support services	2,568,574	5,398	23,023	(2,540,153)	--	(2,540,153)
Interest on long-term debt	73,471	--	--	(73,471)	--	(73,471)
Cocurricular activities	286,505	33,580	--	(252,925)	--	(252,925)
Total Governmental Activities	5,756,592	38,978	498,341	(5,219,273)	--	(5,219,273)
Business-Type Activities:						
Food service	275,686	173,738	118,275	--	16,327	16,327
Daycare	63,626	55,810	--	--	(7,816)	(7,816)
Driver's education	3,059	5,925	--	--	2,866	2,866
Total Business Type Activities	342,371	235,473	118,275	--	11,377	11,377
Total Primary Government	\$ 6,098,963	\$ 274,451	\$ 616,616	(5,219,273)	11,377	(5,207,896)
General Revenues:						
Taxes:						
Property taxes				2,943,565	--	2,943,565
Utility taxes				143,042	--	143,042
Revenue from state sources:						
State aid				1,990,203	--	1,990,203
Unrestricted investment earnings				236,564	--	236,564
Grants and Contributions not Restricted to Specific Programs				12,942	--	12,942
Other general revenues				88,433	--	88,433
Total General Revenues				5,414,749	--	5,414,749
Change in Net Position				195,476	11,377	206,853
Net Position - Beginning of Year				12,525,069	193,748	12,718,817
Adjustment - see note 13				--	(19,339)	(19,339)
Net Position - Beginning of Year, as Adjusted				12,525,069	174,409	12,699,478
Net Position - End of Year				\$ 12,720,545	\$ 185,786	\$ 12,906,331

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

Viborg-Hurley School District No. 60-6

Balance Sheet – Governmental Funds

June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 798,292	\$ 5,340,501	\$ 1,601,125	\$ 7,739,918
Investments	554,064	1,061,878	--	1,615,942
Taxes receivable - current	507,860	470,397	348,472	1,326,729
Taxes receivable - delinquent	20,586	20,536	15,745	56,867
Due from other governments	253,377	--	--	253,377
Prepaid expenses	--	--	9,688	9,688
Total Assets	<u>\$ 2,134,179</u>	<u>\$ 6,893,312</u>	<u>\$ 1,975,030</u>	<u>\$ 11,002,521</u>
Liabilities and Fund Balances:				
Liabilities:				
Contracts payable	\$ 259,199	\$ --	\$ 30,352	\$ 289,551
Payroll deductions and withholding and employer matching payable	50,436	--	5,401	55,837
Total Liabilities	<u>309,635</u>	<u>--</u>	<u>35,753</u>	<u>345,388</u>
Deferred Inflows of Resources:				
Unavailable Revenue-Property Taxes	507,860	470,397	348,472	1,326,729
Delinquent taxes not available	20,586	20,536	15,745	56,867
Total Deferred Inflows of Resources	<u>528,446</u>	<u>490,933</u>	<u>364,217</u>	<u>1,383,596</u>
Fund Balances:				
Nonspendable-prepaid expenses	--	--	9,688	9,688
Restricted:				
For capital outlay	--	6,402,379	--	6,402,379
For special education	--	--	1,565,372	1,565,372
Unassigned	1,296,098	--	--	1,296,098
Total Fund Balances	<u>1,296,098</u>	<u>6,402,379</u>	<u>1,575,060</u>	<u>9,273,537</u>
Total Liabilities and Fund Balances	<u>\$ 2,134,179</u>	<u>\$ 6,893,312</u>	<u>\$ 1,975,030</u>	<u>\$ 11,002,521</u>

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

Viborg-Hurley School District No. 60-6
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2025

Total Fund Balances - Governmental Funds \$ 9,273,537

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. 8,108,001

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

Other Postemployment Benefits Payable	(217,955)	
Capital Outlay Certificates	<u>(4,748,977)</u>	(4,966,932)

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		56,867
--------------------------------------	--	--------

Proportionate Share of Net Pension Asset		3,467
--	--	-------

Pension and OPEB related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (439,020)

Pension and OPEB related deferred outflows are components of non current assets and therefore are not reported in the funds. 684,625

Net Position - Governmental Activities		<u><u>\$ 12,720,545</u></u>
--	--	-----------------------------

Viborg-Hurley School District No. 60-6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,133,987	\$ 1,003,822	\$ 780,570	\$ 2,918,379
Prior years' ad valorem taxes	12,364	7,350	5,599	25,313
Utility taxes	143,042	--	--	143,042
Penalties and interest on taxes	3,756	2,661	2,101	8,518
Tuition and Fees:				
Regular day school transportation fees	5,398	--	--	5,398
Earnings on Investments and Deposits	166,305	70,259	--	236,564
Cocurricular Activities:				
Admissions	31,256	--	--	31,256
Rentals	2,324	--	--	2,324
Other Revenue from Local Sources:				
Rentals	7,700	--	--	7,700
Contributions and donations	12,942	--	--	12,942
Charges for services	--	--	5,102	5,102
Other	40,787	21,600	--	62,387
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	12,401	--	--	12,401
Revenue in lieu of taxes	995	--	--	995
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,986,793	--	--	1,986,793
Restricted grants-in-aid	3,410	--	--	3,410
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received directly from federal government	--	23,023	--	23,023
Restricted grants-in-aid received from federal government through the state	344,230	131,088	--	475,318
Total Revenues	<u>\$ 3,907,690</u>	<u>\$ 1,259,803</u>	<u>\$ 793,372</u>	<u>\$ 5,960,865</u>

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

Viborg-Hurley School District No. 60-6

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

June 30, 2025 (Continued)

	General	Capital Outlay	Special Education	Total Governmental Funds
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 546,525	\$ 27,021	\$ --	\$ 573,546
Middle/junior high	605,305	24,757	--	630,062
High school	558,665	36,275	--	594,940
Preschool	66,979	--	--	66,979
Special Programs:				
Programs for special education	--	--	643,889	643,889
Educationally deprived	97,826	--	--	97,826
Support Services:				
Students:				
Guidance	107,508	--	--	107,508
Health	1,971	--	733	2,704
Psychological	--	--	14,902	14,902
Speech pathology	--	--	37,734	37,734
Student therapy services	--	--	27,333	27,333
Instructional Staff:				
Improvement of instruction	142,649	--	--	142,649
Educational media	93,885	16,248	--	110,133
General Administration:				
Board of education	24,521	--	--	24,521
Executive administration	218,534	--	--	218,534
School Administration:				
Office of the principal	165,303	--	--	165,303
Other	148	--	--	148
Business:				
Fiscal services	101,439	10,215	--	111,654
Facilities acquisition and construction	--	356,597	--	356,597
Operation and maintenance of plant	483,037	25,378	--	508,415
Student transportation	250,745	4,128	--	254,873
Special Education:				
Administrative costs	--	--	184,312	184,312
Transportation costs	--	--	37,215	37,215
Debt Services:				
Cocurricular Activities:	--	86,575	--	86,575
Male activities	70,114	23,034	--	93,148
Female activities	55,188	4,037	--	59,225
Transportation	16,275	--	--	16,275
Combined activities	96,430	7,701	--	104,131
Capital outlay	--	1,630,596	--	1,630,596
Total Expenditures	<u>3,703,047</u>	<u>2,252,562</u>	<u>946,118</u>	<u>6,901,727</u>
Excess of Revenue Over (Under) Expenditures	204,643	(992,759)	(152,746)	(940,862)
Other Financing Sources (Uses):				
General long-term debt issued	--	4,762,081	--	4,762,081
Sale of surplus property	748	--	--	748
Total Other Financing Sources (Uses)	<u>748</u>	<u>4,762,081</u>	<u>--</u>	<u>4,762,829</u>
Net Change in Fund Balances	205,391	3,769,322	(152,746)	3,821,967
Fund Balance, Beginning of Year	<u>1,090,707</u>	<u>2,633,057</u>	<u>1,727,806</u>	<u>5,451,570</u>
Fund Balance, End of Year	<u>\$ 1,296,098</u>	<u>\$ 6,402,379</u>	<u>\$ 1,575,060</u>	<u>\$ 9,273,537</u>

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

Viborg-Hurley School District No. 60-6

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

Net Change in Fund Balances - Total Governmental Funds \$ 3,821,967

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. 1,630,596

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. (434,666)

In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds of \$900 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (900)

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.

	13,104	13,104
--	--------	--------

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." (8,645)

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. (4,762,081)

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (68,338)

Changes in the OPEB related deferred outflows/inflows are direct components of noncurrent liability (asset) and are not reflected in the governmental funds. 4,439

Change in net position of governmental activities	\$ 195,476	
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The accompanying Notes to Financial Statements are an integral part of this financial statement.

Viborg-Hurley School District No. 60-6
Statement of Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 91,280	\$ 51,810	\$ 143,090
Inventory - supplies	668	--	668
Inventory - stores for resale	16,924	--	16,924
Inventory of donated food	7,802	--	7,802
Prepaid expenses	426	--	426
Total Current Assets	<u>117,100</u>	<u>51,810</u>	<u>168,910</u>
Noncurrent Assets:			
Machinery and equipment - local funds	172,849	--	172,849
Less accumulated depreciation	<u>(135,968)</u>	<u>--</u>	<u>(135,968)</u>
Total Noncurrent Assets	<u>36,881</u>	<u>--</u>	<u>36,881</u>
Total Assets	<u>\$ 153,981</u>	<u>\$ 51,810</u>	<u>\$ 205,791</u>
Liabilities:			
Current Liabilities:			
Payroll Deductions and Withholdings and Employer Matching Payable	\$ 1	\$ 7	\$ 8
Unearned revenue	<u>19,997</u>	<u>--</u>	<u>19,997</u>
Total Current Liabilities	<u>19,998</u>	<u>7</u>	<u>20,005</u>
Net Position:			
Net investment in capital assets	36,881	--	36,881
Unrestricted net position	<u>97,102</u>	<u>51,803</u>	<u>148,905</u>
Total Net Position	<u>\$ 133,983</u>	<u>\$ 51,803</u>	<u>\$ 185,786</u>

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

Viborg-Hurley School District No. 60-6
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Operating Revenue:			
Food Sales:			
Student	\$ 158,015	\$ --	\$ 158,015
Adult	15,723	--	15,723
Other charges for goods and services	--	61,735	61,735
Total Operating Revenue	<u>173,738</u>	<u>61,735</u>	<u>235,473</u>
Operating Expenses:			
Food Service:			
Salaries	111,531	52,449	163,980
Employee benefits	13,954	13,937	27,891
Purchased services	3,479	270	3,749
Supplies	1,616	29	1,645
Cost of sales - purchased	106,711	--	106,711
Cost of sales - donated	32,614	--	32,614
Depreciation	5,781	--	5,781
Total Operating Expenses	<u>275,686</u>	<u>66,685</u>	<u>342,371</u>
Operating Income(Loss)	(101,948)	(4,950)	(106,898)
Nonoperating Revenues/Expenses:			
Other local revenue	348	--	348
State grants	531	--	531
Federal grants	86,444	--	86,444
Donated food	30,952	--	30,952
Total Nonoperating Revenue/(Expenses)	<u>118,275</u>	<u>--</u>	<u>118,275</u>
Change in Net Position	16,327	(4,950)	11,377
Net Position - Beginning of Year	<u>136,995</u>	<u>56,753</u>	<u>193,748</u>
Adjustment - see note 13	<u>(19,339)</u>	<u>--</u>	<u>(19,339)</u>
Net Position - Beginning of Year, as Adjusted	<u>117,656</u>	<u>56,753</u>	<u>174,409</u>
Net Position - End of Year	<u>\$ 133,983</u>	<u>\$ 51,803</u>	<u>\$ 185,786</u>

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

Viborg-Hurley School District No. 60-6
Statement of Cash Flows – Proprietary Funds
June 30, 2025

	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 173,072	\$ 61,735	\$ 234,807
Cash payments to suppliers	(131,060)	(299)	(131,359)
Cash payments to employees	(125,911)	(66,386)	(192,297)
Net Cash (Used) by Operating Activities	(83,899)	(4,950)	(88,849)
Cash Flows from Noncapital Financing Activities:			
Other local revenue	348	--	348
Cash reimbursements - state	531	--	531
Cash reimbursements - federal	86,444	--	86,444
Net Cash Provided by Noncapital Financing Activities	87,323	--	87,323
Net Change in Cash and Cash Equivalents	3,424	(4,950)	(1,526)
Cash and Cash Equivalents, Beginning of Year	87,856	56,760	144,616
Cash and Cash Equivalents, End of Year	\$ 91,280	\$ 51,810	\$ 143,090
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities			
Operating (Loss)	\$ (101,948)	\$ (4,950)	\$ (106,898)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	5,781	--	5,781
Value of commodities used	32,614	--	32,614
Change in Assets and Liabilities:			
Accounts receivable	21	--	21
Inventory	(19,254)	--	(19,254)
Prepays	(426)	--	(426)
Deferred revenue	(687)	--	(687)
Net cash (used) by operating activities	\$ (83,899)	\$ (4,950)	\$ (88,849)
Noncash Investing, Capital and Financing Activities			
Value of commodities received	\$ 30,952	\$ --	\$ 30,952

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

Viborg-Hurley School District No. 60-6
Statement of Net Position – Fiduciary Funds
June 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 185,764	\$ 100,517
Accounts receivable	--	11,573
Total Assets	\$ 185,764	\$ 112,090
Liabilities:		
Amounts held for others	\$ --	\$ 112,090
Total liabilities	\$ --	\$ 112,090
Net Position:		
Restricted for:		
Individuals, organizations, and other governments	\$ 185,764	
Total Net Position	\$ 185,764	

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

Viborg-Hurley School District No. 60-6
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2025

	Private-Purpose Trust Funds
Additions:	
Contributions and donations	\$ 155,708
Total Additions	155,708
Deductions:	
Trust deductions for scholarships awarded	168,267
Total Deductions	168,267
Change in Net Position	(12,559)
Net Position - Beginning	198,323
Net Position - Ending	\$ 185,764

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

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies:

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

a. Financial Reporting Entity:

The reporting entity of Viborg-Hurley School District No. 60-6, 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.

The School District participates in a cooperative service unit with several other School Districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the School District.

b. Basis of Presentation:

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. The statements distinguish between the governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net Position are 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.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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.

Special Revenue Fund – 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 School District. This fund is financed by grants and property taxes. This is a major fund.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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:

- 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.)
- 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.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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 and daycare conducted for the benefit of the students. The fund is financed by user charges and grants. This is a major fund for financial statement purposes.

Fiduciary Funds:

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

Private-Purpose Trust Funds – Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only private-purpose trust funds for scholarships.

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 School District maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and so on.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, 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 fund types.

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the School District is 60 days. The revenues which are accrued at June 30, 2025 are due from other governments for grants.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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.

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity to date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

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.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

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

The total June 30, 2025 balance of capital assets for governmental activities includes approximately three percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2025 balance of capital assets for business-type activities are all valued at original cost.

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.

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:

	<u>Capitalization Threshold</u>	<u>Depreciation/ Amortization Method</u>	<u>Estimated Useful Life</u>
Land*	ALL	NA	NA
Buildings	\$ 50,000	Straight-line	25-50 years
Improvements	\$ 25,000	Straight-line	5-25 years
Machinery and Equipment	\$ 5,000	Straight-line	2-10 years
Food Service Machinery and Equipment	\$ 1,000	Straight-line	2-10 years

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

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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 consist of capital outlay certificates payable and other post-employment benefits (OPEB).

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 on the accrual basis, the same in the fund statements as in the government-wide statements.

h. Leases:

The School District does not have any leases. If the School District had any leases, it would recognize 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 \$45,000 or more.

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.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

- 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 does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District did, it would recognize 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 \$45,000 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.

- 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 and are reported with long-term debt on the statement of net position.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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 non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

k. Deferred Inflows and 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.

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.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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 is 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.

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.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

- 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 or 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 uses *restricted/committed* amounts first when both restricted and unrestricted fund balances 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 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

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:

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

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

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) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of June 30, 2025, the School District’s investments reported in the financial statements consist of only certificates of deposit.

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.

Concentration 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 School District’s policy is to credit all income from deposits and investments to the General Fund, except for the private-purpose trust fund which retains its investment income. 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.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

3. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year.

4. Inventory:

Inventory held for consumption is stated at cost.

Inventory for Resale is stated 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, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

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

5. Property Tax:

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflow of resources-property taxes 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."

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

6. Changes in Capital Assets:

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

	6/30/2024	Increases	Decreases	6/30/2025
	Balance			Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 234,717	\$ (49,240)	\$ 900	\$ 184,577
Construction in progress	25,000	1,416,023	--	1,441,023
Total capital assets not being depreciated	259,717	1,366,783	900	1,625,600
Capital assets being depreciated:				
Buildings	9,105,766	49,240	8,100	9,146,906
Improvements	528,026	--	--	528,026
Machinery & Equipment	2,079,244	214,573	5,800	2,288,017
Library Books	154,638	--	364	154,274
Total capital assets being depreciated	11,867,674	263,813	14,264	12,117,223
Less accumulated depreciation for:				
Buildings	3,665,168	196,881	8,100	3,853,949
Improvements	281,347	23,547	--	304,894
Machinery & Equipment	1,113,267	214,238	5,800	1,321,705
Library Books	154,638	--	364	154,274
Total accumulated depreciation	5,214,420	434,666	14,264	5,634,822
Total capital assets being depreciated, net	6,653,254	(170,853)	--	6,482,401
Net Capital Assets	\$ 6,912,971	\$ 1,195,930	\$ 900	\$ 8,108,001

Depreciation expense was charged to functions as follows:

Instruction	\$ 220,800
Support services	200,140
Co-curricular activities	13,726
Total Depreciation Expense	\$ 434,666

Viborg-Hurley School District No. 60-6
Notes to the Financial Statements
June 30, 2025

6. Changes in Capital Assets: (Continued)

	<u>6/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2025</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 172,849	\$ --	\$ --	\$ 172,849
Less accumulated depreciation for:				
Machinery and Equipment	130,187	5,781	--	135,968
Total capital assets, net	<u>\$ 42,662</u>	<u>\$ (5,781)</u>	<u>\$ --</u>	<u>\$ 36,881</u>

Depreciation expense was charged to functions as follows:

Business-type activities:
Food service
<u>\$ 5,781</u>

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

<u>Project Name</u>	<u>Project Authorization</u>	<u>Through 6/30/2025</u>	<u>Committed</u>
Athletic Center Planning	<u>\$ 6,245,826</u>	<u>\$ 1,441,023</u>	<u>\$ 4,804,803</u>

7. Long-Term Liabilities:

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

	<u>6/30/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2025</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
Capital Outlay Certificates	\$ --	\$ 4,500,000	\$ --	\$ 4,500,000	\$ --
Plus: Unamortized Premiums	--	262,081	13,104	248,977	13,104
	--	4,762,081	13,104	4,748,977	13,104
Other Liabilities:					
OPEB	222,394	31,533	35,972	217,955	--
Total Long-Term Liabilities	<u>\$ 222,394</u>	<u>\$ 4,793,614</u>	<u>\$ 49,076</u>	<u>\$ 4,966,932</u>	<u>\$ 13,104</u>

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

7. Long-Term Liabilities: (Continued)

Other post-employment benefits for governmental activities typically have been liquidated from the General Fund.

Other Post Employment Benefits –

Payable from the fund to which payroll expenditures are charged \$ 217,955

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

Viborg-Hurley School District No. 60-6 Capital Outlay Certificate, Series 2025	During March 2025, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$4,500,000. There is an interest rate of 5% assessed on these bonds. Final payment is August 2044. The Capital Outlay Fund makes payment on this debt.	\$ 4,500,000
--	--	--------------

The annual requirements to amortize the Capital Outlay Certificates outstanding at June 30, 2025, are as follows:

Year Ending June 30,	Capital Outlay Certificates		Totals	
	Principal	Interest	Principal	Interest
2026	\$ 13,104	\$ 181,875	\$ 13,104	\$ 181,875
2027	158,104	221,375	158,104	221,375
2028	168,104	213,875	168,104	213,875
2029	173,104	206,000	173,104	206,000
2030	183,104	197,750	183,104	197,750
2031-2035	1,045,520	849,500	1,045,520	849,500
2036-2040	1,330,520	570,625	1,330,520	570,625
2041-2045	1,677,417	210,625	1,677,417	210,625
Totals	\$ 4,748,977	\$ 2,651,625	\$ 4,748,977	\$ 2,651,625

Viborg-Hurley School District No. 60-6
Notes to the Financial Statements
June 30, 2025

8. Restricted Net Position:

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

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 6,422,915
Special Education	Law	1,581,117
Insurance Purposes	Law	9,688
SDRS Pension Purposes	Law	249,072
Total		<u>\$ 8,262,792</u>

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

Benefits Provided:

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

Members That were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B 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 join survivor benefit when the member dies.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

9. Pension Plan: (Continued)

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, 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 the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2025, 2024, and 2023 were as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 169,507
2024	144,193
2023	138,952

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

9. Pension Plan: (Continued)

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

At June 30, 2024, SDRS is 100% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2024 and reported by the School District as of June 30, 2025 are as follows:

Proportionate share of pension liability	\$ 12,779,132
Less proportionate share of net pension restricted for pension	<u>12,782,599</u>
Proportionate share of net pension (asset)	<u><u>\$ (3,467)</u></u>

At June 30, 2025, the School District reported an asset of (\$3,467) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on the projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was 0.08566100% which is a decrease of 0.0041230% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of \$68,338. At June 30, 2025 the School District reported deferred outflows of resources and deferred inflows or resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 321,096	\$ --
Changes in assumption	57,170	435,778
Net difference between projected and actual earnings on pension plan investments	130,613	--
Changes in proportion and difference between district contributions and proportionate share of contributions	6,239	3,242
District contributions subsequent to the measurement date	<u>169,507</u>	<u>--</u>
Total	<u><u>\$ 684,625</u></u>	<u><u>\$ 439,020</u></u>

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

9. Pension Plan: (Continued)

\$169,507 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended	
June 30,	
2026	\$ (120,568)
2027	168,043
2028	18,629
2029	10,965
Total	<u>\$ 77,069</u>

Actuarial Assumptions:

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

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

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010.

Other Class A Members: PubG – 2010.

Public Safety Members: PubS – 2020.

Retired Members:

Teachers, Certified Regents, and Judicial retirees: PubT-2010, 108% of rates above age 65.

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above.

Public Safety Retirees: PubS-2010, 102% of rates at all ages.

Beneficiaries:

PubG-2010 contingent survivor mortality table.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

9. Pension Plan: (Continued)

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table.

Others: PubG-2010 disabled member mortality table.

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

Investment portfolio management is the statutory responsibility of the South Dakota investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	<u>100.0%</u>	

Discount Rate:

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

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of net pension (asset)	<u>\$ 1,762,014</u>	<u>\$ (3,467)</u>	<u>\$ (1,448,181)</u>

Pension Plan Fiduciary Net Position:

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

10. Postemployment Medical Plan:

Plan Description: Viborg-Hurley School District has a pooled defined benefit medical plan administered by either Sanford Health of South Dakota or DakotaCare. The plan provides medical a 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 Viborg-Hurley School District, PO Box 397, Viborg, SD 57070.

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

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

Retirees currently receiving benefit payments	3
Active employees	<u>50</u>
Total eligible employees	<u><u>53</u></u>

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

10. Postemployment Medical Plan: (Continued)

Actuarial Methods and Assumptions: Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS) as provided in the June 30, 2024 Actuarial Valuation Report. See Note 9 – Pension Note.

Changes in the Total OPEB Liability:

Beginning of Year Balances	\$ 222,394
Service Cost	21,930
Interest	9,602
Effect on assumptions, changes or inputs	<u>(35,971)</u>
End of Year Balances	<u>\$ 217,955</u>

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

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower of 1 percentage point higher than the current ratio of 5.2%.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 191,000	\$ 217,955	\$ 252,000

For the year ended June 30, 2025, the School District recognized OPEB expense of 4,440.

11. Joint Ventures:

The School District participates in the joint venture known as the Southeast Area Cooperative, a cooperative service unit (co-op) formed for the purpose of providing public support services to the member school districts.

The members of the co-op and their relative percentage participation in the co-op are as follows:

<u>District</u>	<u>%</u>
Alcester-Hudson	10%
Beresford	20%
Canton	28%
Elk Point-Jefferson	22%
Irene-Wakonda	8%
Viborg-Hurley	12%

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

11. Joint Ventures: (Continued)

The co-op’s governing board is composed of one school board member representative from each member school district. The board is responsible for adopting the co-op’s budget and setting service fees at a level adequate to fund the adopted budget. The school district retains no equity in the net position of the co-op but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above. Separate financial statements for this joint venture are available from the Southeast Area Cooperative.

At June 30, 2025, the joint venture had:

	<u>June 30, 2025</u>
Assets	\$ 1,442,466
Deferred Outflows of Resources	400,089
Liabilities	265,682
Deferred Inflows of Resources	263,283
Net Position	1,313,590

12. Risk Management:

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

Employee Health Insurance:

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The school district pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members.

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 carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2025

12. Risk Management: (Continued)

Workers' Compensation:

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

Unemployment Benefits:

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

During the year ended June 30, 2025, no claims for unemployment benefits were paid. At June 30, 2025, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

13. Adjustments to and Restatement of Beginning Balances:

During fiscal year 2025, accounting error corrections resulted in adjustment to and restatements of beginning net position and fund net position as follows:

	<u>Funds</u>	<u>Government-Wide</u>
	<u>Food Service Fund</u>	<u>Business-Type Activities</u>
Net Position - June 30, 2024, as previously reported	\$ 136,995	\$ 193,748
Adjust ending balance of unearned revenues	(19,339)	(19,339)
Net Position - June 30, 2024, as restated	<u>\$ 117,656</u>	<u>\$ 174,409</u>

Required Supplementary Information

Viborg-Hurley School District No. 60-6

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,139,802	\$ 1,139,802	\$ 1,133,987	\$ (5,815)
Prior years' ad valorem taxes	7,000	7,000	12,364	5,364
Utility taxes	130,000	130,000	143,042	13,042
Penalties and interest on taxes	2,500	2,500	3,756	1,256
Tuition and Fees:				
Regular Day School Transportation Fees	5,000	5,000	5,398	398
Earnings on investments and deposits	75,000	75,000	166,305	91,305
Cocurricular Activities:				
Admissions	20,000	20,000	31,256	11,256
Rentals	2,500	2,500	2,324	(176)
Other Revenue from Local Sources:				
Rentals	8,400	8,400	7,700	(700)
Contributions and donations	10,000	10,000	12,942	2,942
Charges for services	500	500	--	(500)
Other	50,000	50,000	40,787	(9,213)
Revenue from Intermediate Sources:				
County sources:				
County apportionment	35,000	35,000	12,401	(22,599)
Revenue in lieu of taxes	1,000	1,000	995	(5)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,983,394	1,983,394	1,986,793	3,399
Restricted grants-in-aid	5,000	5,000	3,410	(1,590)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	98,559	98,559	344,230	245,671
Total Revenues	\$ 3,573,655	\$ 3,573,655	\$ 3,907,690	\$ 334,035

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

Viborg-Hurley School District No. 60-6

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

Expenditures	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Instructional Services:				
Regular programs				
Elementary	\$ 549,183	\$ 551,183	\$ 546,525	\$ 4,658
Middle/junior high	623,475	623,475	605,305	18,170
High school	592,120	592,120	558,665	33,455
Preschool	70,278	70,278	66,979	3,299
Special programs:				
Educationally deprived	130,822	130,822	97,826	32,996
Support Services:				
Students:				
Guidance	90,200	117,200	107,508	9,692
Health	3,000	3,000	1,971	1,029
Instructional Staff:				
Improvement of instruction	10,000	143,000	142,649	351
Educational media	102,512	102,762	93,885	8,877
General Administration:				
Board of education	36,317	36,317	24,521	11,796
Executive administration	243,799	243,799	218,534	25,265
School Administration:				
Office of the principal	171,525	173,525	165,303	8,222
Other	250	250	148	102
Business:				
Fiscal services	105,710	105,710	101,439	4,271
Operation and maintenance of plant	581,432	581,432	483,037	98,395
Student transportation	277,809	277,809	250,745	27,064
Cocurricular Activities:				
Male activities	72,062	72,062	70,114	1,948
Female activities	67,581	67,581	55,188	12,393
Transportation	26,138	26,138	16,275	9,863
Combined activities	108,881	108,881	96,430	12,451
Total Expenditures	3,863,094	4,027,344	3,703,047	324,297
Excess of Revenues Over Expenditures	(289,439)	(453,689)	204,643	658,332
Other Financing Sources:				
Operating transfers in	290,000	290,000	--	(290,000)
Sale of surplus property	1,000	1,000	748	(252)
Total Other Financing Sources:	291,000	291,000	748	(290,252)
Net Change in Fund Balances	1,561	(162,689)	205,391	368,080
Fund Balance, Beginning of Year	1,090,707	1,090,707	1,090,707	--
Fund Balance, End of Year	\$ 1,092,268	\$ 928,018	\$ 1,296,098	\$ 368,080

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

Viborg-Hurley School District No. 60-6

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 950,000	\$ 950,000	\$ 1,003,822	\$ 53,822
Prior years' ad valorem taxes	2,500	2,500	7,350	4,850
Penalties and interest on taxes	2,500	2,500	2,661	161
Earnings on investments & deposits	--	--	70,259	70,259
Other Revenue from Local Sources:				
Other	5,000	5,000	21,600	16,600
Revenue from Intermediate Sources:				
County Sources				
County Apportionment	10,000	10,000	--	(10,000)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received directly from federal government	26,000	26,000	23,023	(2,977)
Restricted grants-in-aid received directly from federal government through the state	<u>280,000</u>	<u>280,000</u>	<u>131,088</u>	<u>(148,912)</u>
Total Revenues	<u>1,276,000</u>	<u>1,276,000</u>	<u>1,259,803</u>	<u>(16,197)</u>

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

Viborg-Hurley School District No. 60-6

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	30,000	30,000	27,021	2,979
Middle/junior high	30,000	30,000	24,757	5,243
High school	30,000	71,000	70,261	739
Support Services:				
Instructional Staff:				
Educational media	58,500	58,500	16,248	42,252
General Administration:				
Executive Administration	3,000	3,000	--	3,000
Business:				
Fiscal Services	6,500	10,500	10,215	285
Facilities acquisition and construction	845,000	1,895,000	1,886,242	8,758
Operation and maintenance of plant	30,000	39,000	34,966	4,034
Student transportation	140,000	140,000	61,505	78,495
Debt Services:	--	--	86,575	(86,575)
Cocurricular Activities:				
Male activities	20,000	23,500	23,034	466
Female activities	20,000	20,000	4,037	15,963
Combined activities	35,000	35,000	7,701	27,299
Total Expenditures	<u>1,248,000</u>	<u>2,355,500</u>	<u>2,252,562</u>	<u>102,938</u>
Excess of Revenue Over (Under)				
Expenditures	<u>28,000</u>	<u>(1,079,500)</u>	<u>(992,759)</u>	<u>86,741</u>
Other Financing Sources (Uses):				
Transfers out	(290,000)	(290,000)	--	290,000
Proceeds of general long-term liabilities	--	--	4,762,081	4,762,081
Sale of surplus property	1,000	1,000	--	(1,000)
Total Other Financing Sources (Uses)	<u>(289,000)</u>	<u>(289,000)</u>	<u>4,762,081</u>	<u>5,051,081</u>
Net Change in Fund Balances	(261,000)	(1,368,500)	3,769,322	5,137,822
Fund Balance, Beginning of Year	<u>2,633,057</u>	<u>2,633,057</u>	<u>2,633,057</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 2,372,057</u>	<u>\$ 1,264,557</u>	<u>\$ 6,402,379</u>	<u>\$ 5,137,822</u>

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

Viborg-Hurley School District No. 60-6
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 850,000	\$ 850,000	\$ 780,570	\$ (69,430)
Prior years' ad valorem taxes	5,000	5,000	5,599	599
Penalties and interest on taxes	5,000	5,000	2,101	(2,899)
Other Revenue from Local Sources:				
Charges for services	45,000	45,000	5,102	(39,898)
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	15,000	15,000	--	(15,000)
Total Revenues	<u>920,000</u>	<u>920,000</u>	<u>793,372</u>	<u>(126,628)</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for Special Education	633,436	708,686	643,889	64,797
Support Services:				
Students:				
Health	4,000	4,000	733	3,267
Psychological	17,500	17,500	14,902	2,598
Speech Pathology	40,500	40,500	37,734	2,766
Student therapy services	31,000	31,000	27,333	3,667
Special Education:				
Administrative costs	165,352	192,352	184,312	8,040
Transportation costs	39,889	39,889	37,215	2,674
Total Expenditures	<u>931,677</u>	<u>1,033,927</u>	<u>946,118</u>	<u>87,809</u>
Net Change in Fund Balance	(11,677)	(113,927)	(152,746)	(38,819)
Fund Balance, Beginning of Year	<u>1,727,806</u>	<u>1,727,806</u>	<u>1,727,806</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,716,129</u>	<u>\$ 1,613,879</u>	<u>\$ 1,575,060</u>	<u>\$ (38,819)</u>

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

Viborg-Hurley School District No. 60-6
Notes to the Required Supplementary Information
June 30, 2025

1. Budgets and Budgetary Accounting:

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

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

2. GAAP/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.

Viborg-Hurley School District No. 60-6
Schedule of Changes in Total OPEB Liability
June 30, 2025

Changes in the Total OPEB Liability:	2025	2024	2023	2022	2021	2020	2019
Beginning of year balances	\$ 222,394	\$ 192,146	\$ 195,953	\$ 231,018	\$ 199,333	\$ 192,531	\$ 194,002
Service cost	21,930	20,984	24,146	35,711	31,155	23,678	23,676
Interest	9,602	9,264	4,660	5,683	7,729	7,844	7,279
Effect on economic/demographic gains or losses	--	--	--	(40,651)	--	--	--
Effect on assumptions, changes, or inputs	(35,971)	--	(23,759)	(16,585)	12,265	2,563	(3,474)
Benefit payments	--	--	(8,854)	(19,223)	(19,464)	(27,283)	(28,952)
End of year balances	<u>\$ 217,955</u>	<u>\$ 222,394</u>	<u>\$ 192,146</u>	<u>\$ 195,953</u>	<u>\$ 231,018</u>	<u>\$ 199,333</u>	<u>\$ 192,531</u>

Viborg-Hurley School District No. 60-6

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

Fiscal Year	District's Proportion of the Net Pension Liability/Asset	District's Proportionate Share of the Net Pension Liability/(Asset)	District's Covered Payroll	District's	Plan Fiduciary
				Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Net Position as a Percentage of the Total Pension Liability (Asset)
2025	0.085661%	\$ (3,467)	\$ 2,403,232	0.14%	100.00%
2024	0.089784%	\$ (8,764)	\$ 2,315,796	0.38%	100.10%
2023	0.088033%	\$ (8,320)	\$ 2,099,528	0.40%	100.10%
2022	0.088041%	\$ (674,243)	\$ 1,985,148	33.96%	105.52%
2021	0.091322%	\$ (3,966)	\$ 2,004,249	0.20%	100.04%
2020	0.087023%	\$ (9,222)	\$ 1,850,284	0.50%	100.09%
2019	0.084805%	\$ (1,978)	\$ 1,762,998	0.11%	100.02%
2018	0.082061%	\$ (7,447)	\$ 1,667,300	0.45%	100.10%
2017	0.077351%	\$ 261,285	\$ 1,458,118	17.92%	96.89%
2016	0.077550%	\$ (328,910)	\$ 1,415,824	23.23%	104.10%

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

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a
					Percentage of Covered Payroll
2025	\$ 169,507	\$ 169,507	\$ --	\$ 2,825,101	6.00%
2024	\$ 144,193	\$ 144,193	\$ --	\$ 2,403,232	6.00%
2023	\$ 138,952	\$ 138,952	\$ --	\$ 2,315,796	6.00%
2022	\$ 125,972	\$ 125,972	\$ --	\$ 2,099,528	6.00%
2021	\$ 119,109	\$ 119,109	\$ --	\$ 1,985,148	6.00%
2020	\$ 120,255	\$ 120,255	\$ --	\$ 2,004,249	6.00%
2019	\$ 111,017	\$ 111,017	\$ --	\$ 1,850,284	6.00%
2018	\$ 105,781	\$ 105,781	\$ --	\$ 1,762,998	6.00%
2017	\$ 100,039	\$ 100,039	\$ --	\$ 1,667,300	6.00%
2016	\$ 87,487	\$ 87,487	\$ --	\$ 1,458,118	6.00%

Viborg-Hurley School District No. 60-6

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

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

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

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

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