

**Viborg-Hurley School District No. 60-6**

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

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

**Viborg-Hurley School District No. 60-6**

School District Officials

June 30, 2024

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Board Members

Christopher Richards----- Board President

Stacey Sorlien -----Vice President

Faydra Christensen ----- Member

Jim Gerdes ----- 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, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated December 2, 2024, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as item 2024-001 that we consider to be a significant deficiency.

## **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.



Elk Point, South Dakota  
December 2, 2024

**Viborg-Hurley School District No. 60-6**  
Schedule of Prior Audit Findings  
Year Ended June 30, 2024

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**Prior Audit Findings:**

**Finding Number 2023-001 – 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 2024-001.

**Viborg-Hurley School District No. 60-6**  
Schedule of Current Audit Findings  
Year Ended June 30, 2024

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**Current Audit Findings:**

**Finding Number 2024-001 – Internal Control Finding**

There is a significant deficiency resulting from 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.



## 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, 2024, 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, 2024, 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 December 2, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.



Elk Point, South Dakota  
December 2, 2024

**Viborg-Hurley School District No. 60-6**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

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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, 2024. 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 \$696,821 more than the \$5,390,733 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 remainder 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, 2024

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

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### **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, 2024

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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, 2024

**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
	2023	2024	2023	2024	2023	2024	Percentage Change 2023-2024
Current and Other Assets	\$ 7,118,461	\$ 7,148,052	\$ 230,538	\$ 152,439	\$ 7,348,999	\$ 7,300,491	-0.66%
Capital Assets (Net of Depreciation)	6,597,184	6,912,971	48,443	42,662	6,645,627	6,955,633	4.66%
Total Assets	13,715,645	14,061,023	278,981	195,101	13,994,626	14,256,124	1.87%
OPEB Related Deferred Outflows	15,670	--	--	--	15,670	--	-100.00%
Pension Related Deferred Outflows	826,108	750,551	--	--	826,108	750,551	-9.15%
Total Deferred Outflows or Resources	841,778	750,551	--	--	841,778	750,551	-10.84%
Long-Term Liabilities Outstanding	192,146	222,394	--	--	192,146	222,394	15.74%
Other Liabilities	791,459	325,236	69,605	1,353	861,064	326,589	-62.07%
Total Liabilities	983,605	547,630	69,605	1,353	1,053,210	548,983	-47.88%
Taxes Levied for Future Period	1,200,019	1,296,970	--	--	1,200,019	1,296,970	8.08%
OPEB Related Deferred Inflows	73,451	--	--	--	73,451	--	-100.00%
Pension Related Deferred Inflows	487,728	441,905	--	--	487,728	441,905	-9.40%
Total Deferred Inflows of Resources	1,761,198	1,738,875	--	--	1,761,198	1,738,875	-1.27%
Net Investment in Capital Assets	6,597,184	6,912,971	48,443	42,662	6,645,627	6,955,633	4.66%
Restricted	4,434,594	4,718,265	--	--	4,434,594	4,718,265	6.40%
Unrestricted	780,842	893,833	160,933	151,086	941,775	1,044,919	10.95%
Total Net Position	11,812,620	12,525,069	209,376	193,748	12,021,996	12,718,817	5.80%
Beginning Net Position	11,565,063	11,812,620	179,592	209,376	11,744,655	12,021,996	2.36%
Increase (Decrease) in Net Position	\$ 247,557	\$ 712,449	\$ 29,784	\$ (15,628)	\$ 277,341	\$ 696,821	-151.25%
Percentage of Increase (Decrease) in Net Position	2.14%	6.03%	16.58%	-7.46%	2.36%	5.80%	

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 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, 2024

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**Changes in Net Position**

The School’s total revenues totaled \$6,087,554. Approximately 51% of the School’s revenue comes from property taxes, with another 29% coming from State Aid . (See Table A-2).

Table A-2  
Viborg-Hurley School District 60-6  
Sources of Revenues  
Fiscal Year 2023-2024

Taxes	\$ 3,077,756	50.57%
State Sources	1,770,355	29.08%
Operating Grants & Contributions	259,014	4.25%
Charges For Services	272,977	4.48%
Other General Revenues	520,260	8.55%
Intermediate sources	12,883	0.21%
Unrestricted Investment Earnings	<u>174,309</u>	<u>2.86%</u>
<b>Total Revenue</b>	<b><u>\$ 6,087,554</u></b>	<b><u>100.00%</u></b>

The School’s expenses totaled \$5,390,733 and covered a range of services, including instruction, support services, debt services, cocurricular activities, food service, and drivers education (See Table A-3).

Table A-3  
Viborg-Hurley School District 60-6  
Statement of Expenditures  
Fiscal Year 2023-2024

Instruction	\$ 2,627,507	48.74%
Support Services	2,117,922	39.28%
Cocurricular Activities	276,960	5.14%
Food Service	306,029	5.68%
Drivers Education	<u>62,315</u>	<u>1.16%</u>
<b>Total Expenditures</b>	<b><u>\$ 5,390,733</u></b>	<b><u>100.00%</u></b>



**Viborg-Hurley School District No. 60-6**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

**Governmental and Business-Type Activities**

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

Table A-4

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	2023-2024
Revenues							
Program Revenues							
Charge for Services	\$ 78,734	\$ 27,442	\$ 220,814	\$ 245,535	\$ 299,548	\$ 272,977	-8.87%
Operating Grants/ Contributions	393,393	151,833	144,676	107,181	538,069	259,014	-51.86%
General Revenues							
Taxes	2,745,747	3,077,756	--	--	2,745,747	3,077,756	12.09%
Revenue State Sources	1,775,174	1,770,355	--	--	1,775,174	1,770,355	-0.27%
Revenue Intermediate Sources	7,500	12,883	--	--	7,500	12,883	71.77%
Other							
Other general revenues	150,245	520,260	--	--	150,245	520,260	246.27%
Unrestricted Investment Earnings	76,293	174,309	--	--	76,293	174,309	128.47%
	<u>5,227,086</u>	<u>5,734,838</u>	<u>365,490</u>	<u>352,716</u>	<u>5,592,576</u>	<u>6,087,554</u>	<u>8.85%</u>
Expenses							
Instruction	2,354,205	2,627,507	--	--	2,354,205	2,627,507	11.61%
Support Services	2,355,629	2,117,922	--	--	2,355,629	2,117,922	-10.09%
Debt Services	628	--	--	--	628	--	100.00%
Co-curricular Activities	269,067	276,960	--	--	269,067	276,960	2.93%
Food Service	--	--	263,076	306,029	263,076	306,029	16.33%
Other Enterprise	--	--	72,630	62,315	72,630	62,315	-14.20%
	<u>4,979,529</u>	<u>5,022,389</u>	<u>335,706</u>	<u>368,344</u>	<u>5,315,235</u>	<u>5,390,733</u>	<u>1.42%</u>
Increase (Decrease) in Net Position	247,557	712,449	29,784	(15,628)	277,341	696,821	151.25%
Beginning Adjusted Net Position	<u>11,565,063</u>	<u>11,812,620</u>	<u>179,592</u>	<u>209,376</u>	<u>11,744,655</u>	<u>12,021,996</u>	<u>2.36%</u>
Ending Net Position	<u>\$11,812,620</u>	<u>\$12,525,069</u>	<u>\$ 209,376</u>	<u>\$ 193,748</u>	<u>\$12,021,996</u>	<u>\$12,718,817</u>	<u>5.80%</u>

**Governmental Activities**

Revenues for the governmental activities increased by 9.7% due to an increase in taxes, other general revenues, and investment earnings. Expenses stayed mostly consistent with only a 0.8% increase from prior year expenses.

**Viborg-Hurley School District No. 60-6**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

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**Business Type Activities**

Revenues of the School’s business-type activities decreased by 3.5% and expenses increased by 9.7% due to increased food service expenses during the current year.

**Financial Analysis of the District’s Funds**

Fund balances changed as follows: General Fund increased \$72,926 The Capital Outlay Fund increased \$257,519. The Special Education Fund increased \$29,347. 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 2024, the School had the following changes in Capital Assets (See Table A-5).

Table A-5  
Capital Assets  
(Net of Depreciation)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Dollar Change</b>	<b>Total % Change</b>
	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>		
Land	\$ 234,717	\$ 234,717	\$ --	\$ --	\$ --	0.00%
Construction in progress	--	25,000	--	--	25,000	100.00%
Buildings	5,637,869	5,440,598	--	--	(197,271)	-3.50%
Improvements	223,737	246,679	--	--	22,942	10.25%
Machinery & Equipment	500,861	965,977	48,443	42,662	459,335	83.62%
<b>Total Capital Assets</b>	<b>\$ 6,597,184</b>	<b>\$ 6,912,971</b>	<b>\$ 48,443</b>	<b>\$ 42,662</b>	<b>\$ 310,006</b>	<b>4.66%</b>

Some of this year’s major capital asset purchases were a fence, four HVAC units, a van, an electric bus, a pickup, a propane bus, gym bleachers, a sound system, two wrestling mats, a port switch, choral risers, improvements to Hurley’s wrestling room entry, and the Three Phase Electric Project for Hurley.

**Viborg-Hurley School District No. 60-6**  
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 June 30, 2024

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**Long-Term Debt**

The Viborg-Hurley School District had \$222,394 in outstanding debt and obligations see individual balances on Table A-6. This is a 15.74% increase from last year as shown on Table A-6.

Table A-6  
 Outstanding Debt and Obligations

	<u>Governmental Activities</u>		<u>Total Dollar</u>	<u>Total %</u>
	<u>2023</u>	<u>2024</u>	<u>Change</u>	<u>Change</u>
Other Post Employment Benefits	\$ 192,146	\$ 222,394	\$ 30,248	15.74%
Total Outstanding Debt	<u>\$ 192,146</u>	<u>\$ 222,394</u>	<u>\$ 30,248</u>	<u>15.74%</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 384 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, 2024

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,478,743	\$ 144,616	\$ 4,623,359
Investments	1,051,671	--	1,051,671
Accounts receivable	--	21	21
Taxes receivable	1,362,482	--	1,362,482
Due from other government	244,722	--	244,722
Inventories	--	7,802	7,802
Prepaid expenses	1,670	--	1,670
Net pension asset	8,764	--	8,764
Capital assets:			
Land and construction in progress	259,717	--	259,717
Other capital assets, net of depreciation	6,653,254	42,662	6,695,916
<b>Total Assets</b>	<b>14,061,023</b>	<b>195,101</b>	<b>14,256,124</b>
<b>Deferred Outflows of Resources:</b>			
Pension-related deferred outflows	750,551	--	750,551
<b>Total Deferred Outflows of Resources</b>	<b>750,551</b>	<b>--</b>	<b>750,551</b>
<b>Liabilities:</b>			
Unearned revenue	--	1,345	1,345
Other current liabilities	325,236	8	325,244
Long-term liabilities:			
Due in more than one year	222,394	--	222,394
<b>Total Liabilities</b>	<b>547,630</b>	<b>1,353</b>	<b>548,983</b>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for future periods	1,296,970	--	1,296,970
Pension related deferred inflows	441,905	--	441,905
<b>Total Deferred Inflows of Resources</b>	<b>1,738,875</b>	<b>--</b>	<b>1,738,875</b>
<b>Net Position:</b>			
Net investment in capital assets	6,912,971	42,662	6,955,633
Restricted for:			
Capital outlay	2,654,813	--	2,654,813
Special education	1,744,372	--	1,744,372
Insurance purposes	1,670	--	1,670
SDRS pension purposes	317,410	--	317,410
Unrestricted	893,833	151,086	1,044,919
<b>Total Net Position</b>	<b>\$ 12,525,069</b>	<b>\$ 193,748</b>	<b>\$ 12,718,817</b>

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, 2024

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 2,627,507	\$ --	\$ 134,887	\$ (2,492,620)	\$ --	\$ (2,492,620)
Support services	2,117,922	5,460	16,946	(2,095,516)	--	(2,095,516)
Cocurricular activities	276,960	21,982	--	(254,978)	--	(254,978)
Total Governmental Activities	<u>5,022,389</u>	<u>27,442</u>	<u>151,833</u>	<u>(4,843,114)</u>	<u>--</u>	<u>(4,843,114)</u>
Business-Type Activities:						
Food service	306,029	180,393	107,181	--	(18,455)	(18,455)
Other Enterprise	62,315	65,142	--	--	2,827	2,827
Total Business Type Activities	<u>368,344</u>	<u>245,535</u>	<u>107,181</u>	<u>--</u>	<u>(15,628)</u>	<u>(15,628)</u>
Total Primary Government	<u>\$ 5,390,733</u>	<u>\$ 272,977</u>	<u>\$ 259,014</u>	<u>(4,843,114)</u>	<u>(15,628)</u>	<u>(4,858,742)</u>
General Revenues:						
Taxes:						
Property taxes				2,931,593	--	2,931,593
Utility taxes				146,163	--	146,163
Revenue from state sources:						
State aid				1,770,355	--	1,770,355
Unrestricted investment earnings				174,309	--	174,309
Grants and Contributions not Restricted to Specific Programs				12,883	--	12,883
Other general revenues				520,260	--	520,260
Total General Revenues				<u>5,555,563</u>	<u>--</u>	<u>5,555,563</u>
				Change in Net Position	(15,628)	696,821
				<b>Net Position - Beginning of Year</b>	<u>11,812,620</u>	<u>12,021,996</u>
				<b>Net Position - End of Year</b>	<u>\$ 12,525,069</u>	<u>\$ 12,718,817</u>

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, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 621,738	\$ 2,108,535	\$ 1,748,470	\$ 4,478,743
Investments	527,149	524,522	--	1,051,671
Taxes receivable - current	527,535	418,801	350,634	1,296,970
Taxes receivable - delinquent	25,520	21,756	18,236	65,512
Due from other governments	244,722	--	--	244,722
Prepaid expenses	--	--	1,670	1,670
<b>Total Assets</b>	<u><u>\$ 1,946,664</u></u>	<u><u>\$ 3,073,614</u></u>	<u><u>\$ 2,119,010</u></u>	<u><u>\$ 7,139,288</u></u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Contracts payable	\$ 253,570	\$ --	\$ 22,334	\$ 275,904
Payroll deductions and withholding and employer matching payable	49,332	--	--	49,332
<b>Total Liabilities</b>	<u><u>302,902</u></u>	<u><u>--</u></u>	<u><u>22,334</u></u>	<u><u>325,236</u></u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue-Property Taxes	527,535	418,801	350,634	1,296,970
Delinquent taxes not available	25,520	21,756	18,236	65,512
<b>Total Deferred Inflows of Resources</b>	<u><u>553,055</u></u>	<u><u>440,557</u></u>	<u><u>368,870</u></u>	<u><u>1,362,482</u></u>
<b>Fund Balances:</b>				
Nonspendable-prepaid expenses	--	--	1,670	1,670
Restricted:				
For capital outlay	--	2,633,057	--	2,633,057
For special education	--	--	1,726,136	1,726,136
Unassigned	1,090,707	--	--	1,090,707
<b>Total Fund Balances</b>	<u><u>1,090,707</u></u>	<u><u>2,633,057</u></u>	<u><u>1,727,806</u></u>	<u><u>5,451,570</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,946,664</u></u>	<u><u>\$ 3,073,614</u></u>	<u><u>\$ 2,119,010</u></u>	<u><u>\$ 7,139,288</u></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, 2024

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Total Fund Balances - Governmental Funds \$ 5,451,570

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. 6,912,971

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 (222,394) (222,394)

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 65,512

Proportionate Share of Net Pension Asset 8,764

Pension and OPEB related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (441,905)

Pension and OPEB related deferred outflows are components of non current assets and therefore are not reported in the funds. 750,551

Net Position - Governmental Activities \$ 12,525,069

**Viborg-Hurley School District No. 60-6**  
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
June 30, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,161,455	\$ 927,003	\$ 785,370	\$ 2,873,828
Prior years' ad valorem taxes	7,326	3,662	2,881	13,869
Utility taxes	146,163	--	--	146,163
Penalties and interest on taxes	2,451	1,532	1,286	5,269
Earnings on Investments and Deposits	151,653	22,656	--	174,309
Tuition and Fees:				
Regular day school transportation fees	5,460	--	--	5,460
Cocurricular Activities:				
Admissions	20,477	--	--	20,477
Rentals	1,505	--	--	1,505
Other Revenue from Local Sources:				
Rentals	7,700	--	--	7,700
Contributions and donations	12,883	--	--	12,883
Charges for services	--	--	3,919	3,919
Other	48,673	430,470	--	479,143
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	27,173	--	--	27,173
Revenue in lieu of taxes	1,200	--	--	1,200
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,766,945	--	--	1,766,945
Restricted grants-in-aid	3,410	--	--	3,410
Revenue from Federal Sources:				
Grants-in-Aid:				
directly from federal government	--	16,946	--	16,946
Restricted grants-in-aid received from federal government through the state	98,559	36,328	--	134,887
<b>Total Revenues</b>	<u>\$ 3,463,033</u>	<u>\$ 1,438,597</u>	<u>\$ 793,456</u>	<u>\$ 5,695,086</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, 2024 (Continued)

	General	Capital Outlay	Special Education	Total Governmental Funds
<b>Expenditures</b>				
Instructional Services:				
Regular Programs:				
Elementary	\$ 562,943	\$ 55,398	\$ --	\$ 618,341
Middle/junior high	521,321	11,646	--	532,967
High school	535,948	71,437	--	607,385
Preschool	64,486	--	--	64,486
Special Programs:				
Programs for special education	--	--	500,024	500,024
Educationally deprived	103,568	--	--	103,568
Support Services:				
Students:				
Guidance	94,435	--	--	94,435
Health	2,517	--	--	2,517
Psychological	--	--	25,108	25,108
Speech pathology	--	--	30,356	30,356
Student therapy services	--	--	20,317	20,317
Instructional Staff:				
Improvement of instruction	7,955	--	--	7,955
Educational media	109,150	43,877	--	153,027
General Administration:				
Board of education	27,995	--	--	27,995
Executive administration	218,520	3,297	--	221,817
School Administration:				
Office of the principal	152,193	--	--	152,193
Other	108	--	--	108
Fiscal services	90,972	--	--	90,972
Facilities acquisition and construction	--	192,435	--	192,435
Operation and maintenance of plant	445,657	24,604	--	470,261
Student transportation	225,138	1,017	--	226,155
Special Education:				
Administrative costs	--	--	154,427	154,427
Transportation costs	--	--	33,877	33,877
Cocurricular Activities:				
Male activities	66,639	17,202	--	83,841
Female activities	50,608	5,280	--	55,888
Transportation	15,924	--	--	15,924
Combined activities	95,155	12,426	--	107,581
Capital Outlay	--	742,459	--	742,459
<b>Total Expenditures</b>	<b>3,391,232</b>	<b>1,181,078</b>	<b>764,109</b>	<b>5,336,419</b>
Excess of Revenue Over (Under) Expenditures	71,801	257,519	29,347	358,667
<b>Other Financing Sources (Uses):</b>				
Sale of Surplus Property	1,125	--	--	1,125
Total Other Financing Sources (Uses)	1,125	--	--	1,125
Net Change in Fund Balances	72,926	257,519	29,347	359,792
<b>Fund Balance, Beginning of Year</b>	<b>1,017,781</b>	<b>2,375,538</b>	<b>1,698,459</b>	<b>5,091,778</b>
<b>Fund Balance, End of Year</b>	<b>\$ 1,090,707</b>	<b>\$ 2,633,057</b>	<b>\$ 1,727,806</b>	<b>\$ 5,451,570</b>

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, 2024

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Net Change in Fund Balances - Total Governmental Funds	\$ 359,792
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.	742,459
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.	(426,672)
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."	38,627
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	(29,290)
Changes in the OPEB related deferred outflows/inflows are direct components of noncurrent liability (asset) and are not reflected in the governmental funds.	<u>27,533</u>
Change in net position of governmental activities	<u>\$ 712,449</u>

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, 2024

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	<b>Totals</b>
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 87,856	\$ 56,760	\$ 144,616
Accounts receivable, net	21	--	21
Inventory of donated food	7,802	--	7,802
Total Current Assets	<u>95,679</u>	<u>56,760</u>	<u>152,439</u>
Noncurrent Assets:			
Machinery and equipment - local funds	172,849	--	172,849
Less accumulated depreciation	<u>(130,187)</u>	<u>--</u>	<u>(130,187)</u>
Total Noncurrent Assets	<u>42,662</u>	<u>--</u>	<u>42,662</u>
Total Assets	<u>\$ 138,341</u>	<u>\$ 56,760</u>	<u>\$ 195,101</u>
<b>Liabilities:</b>			
Current Liabilities:			
Payroll Deductions and Withholdings and Employer Matching Payable	\$ 1	\$ 7	\$ 8
Unearned revenue	<u>1,345</u>	<u>--</u>	<u>1,345</u>
Total Current Liabilities	<u>1,346</u>	<u>7</u>	<u>1,353</u>
<b>Net Position:</b>			
Net investment in capital assets	42,662	--	42,662
Unrestricted net position	<u>94,333</u>	<u>56,753</u>	<u>151,086</u>
Total Net Position	<u>\$ 136,995</u>	<u>\$ 56,753</u>	<u>\$ 193,748</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, 2024

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	<b>Totals</b>
<b>Operating Revenue:</b>			
Tuition and Fees:			
Driver's education fees	\$ --	\$ 13,317	\$ 13,317
Day care	--	51,825	51,825
Food Sales:			
Student	170,903	--	170,903
Adult	9,490	--	9,490
Total Operating Revenue	<u>180,393</u>	<u>65,142</u>	<u>245,535</u>
<b>Operating Expenses:</b>			
Food Service:			
Salaries	16,896	46,425	63,321
Employee benefits	2,299	13,484	15,783
Purchased services	265,505	2,245	267,750
Supplies	4,222	161	4,383
Cost of sales - donated	11,326	--	11,326
Depreciation	5,781	--	5,781
Total Operating Expenses	<u>306,029</u>	<u>62,315</u>	<u>368,344</u>
Operating Income(Loss)	(125,636)	2,827	(122,809)
<b>Nonoperating Revenues/Expenses:</b>			
State grants	498	--	498
Federal grants	95,357	--	95,357
Donated food	11,326	--	11,326
Total Nonoperating Revenue/ (Expenses)	<u>107,181</u>	<u>--</u>	<u>107,181</u>
Change in Net Position	(18,455)	2,827	(15,628)
<b>Net Position - Beginning of Year</b>	<u>155,450</u>	<u>53,926</u>	<u>209,376</u>
<b>Net Position - End of Year</b>	<u>\$ 136,995</u>	<u>\$ 56,753</u>	<u>\$ 193,748</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, 2024

	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 165,085	\$ 65,142	\$ 230,227
Cash payments to suppliers	(317,107)	(5,615)	(322,722)
Cash payments to employees	(19,194)	(62,206)	(81,400)
Net Cash (Used) by Operating Activities	<u>(171,216)</u>	<u>(2,679)</u>	<u>(173,895)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash reimbursements - state	498	--	498
Cash reimbursements - federal	95,357	--	95,357
Net Cash Provided by Noncapital Financing Activities	<u>95,855</u>	<u>--</u>	<u>95,855</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(75,361)</b>	<b>(2,679)</b>	<b>(78,040)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>163,217</u>	<u>59,439</u>	<u>222,656</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 87,856</u></u>	<u><u>\$ 56,760</u></u>	<u><u>\$ 144,616</u></u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities</b>			
Operating (Loss)	\$ (125,636)	\$ 2,827	\$ (122,809)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	5,781	--	5,781
Value of commodities used	11,326	--	11,326
Change in Assets and Liabilities:			
Accounts receivable	59	--	59
Deferred revenue	(15,367)	--	(15,367)
Contracts payable	--	(2,023)	(2,023)
Accrued payroll expenses	1	(274)	(273)
Accounts payable	(47,380)	(3,209)	(50,589)
Net cash (used) by operating activities	<u><u>\$ (171,216)</u></u>	<u><u>\$ (2,679)</u></u>	<u><u>\$ (173,895)</u></u>
<b>Noncash Investing, Capital and Financing Activities</b>			
Value of commodities received	<u><u>\$ 11,326</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 11,326</u></u>

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, 2024

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	<b>Private -Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 63,090	\$ 81,273
Investments-certificates of deposit	135,233	--
Accounts receivable	--	22,091
Total Assets	<u>\$ 198,323</u>	<u>\$ 103,364</u>
<b>Liabilities:</b>		
Amounts held for others	\$ --	\$ 103,364
Total liabilities	<u>\$ --</u>	<u>\$ 103,364</u>
<b>Net Position:</b>		
Restricted for:		
Individuals, organizations, and other governments	\$ 198,323	
Total Net Position	<u>\$ 198,323</u>	

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, 2024

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	<b>Private-Purpose Trust Funds</b>
<b>Additions:</b>	
Contributions and donations	<u>\$ 29,086</u>
Total Additions	<u>29,086</u>
<b>Deductions:</b>	
Trust deductions for scholarships awarded	<u>17,000</u>
Total Deductions	<u>17,000</u>
Change in Net Position	<u>12,086</u>
<b>Net Position - Beginning</b>	<u>186,237</u>
<b>Net Position - Ending</b>	<u><u>\$ 198,323</u></u>

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, 2024

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#### 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 and 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, 2024

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### 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, 2024

---

### 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 use charges and grants. This is a major fund.

#### 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, 2024

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### 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, 2024 are due from other governments for grants.

## Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2024

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### 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, 2024

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### 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, 2024 balance of capital assets for governmental activities includes approximately three and a half 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, 2024 balance of capital assets for business-type activities are all valued at original cost.

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

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

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, 2024

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### 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 primarily consist of post-employment benefits (OPEB).

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is the accrual basis, the same in the fund statements as it is 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, 2024

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### 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, 2024

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### 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 Outflows/Inflows 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, 2024

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### 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, 2024

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**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, 2024

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### 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.

**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.

### 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.

## Viborg-Hurley School District No. 60-6

### Notes to the Financial Statements

June 30, 2024

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#### 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, 2024.

#### 5. Property Tax:

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflow of resources-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, 2024

**6. Changes in Capital Assets:**

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

	6/30/2023 Balance	Increases	Decreases	6/30/2024 Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 234,717	\$ --	\$ --	\$ 234,717
Construction in progress	--	25,000	--	25,000
Total capital assets not being depreciated	234,717	25,000	--	259,717
Capital assets being depreciated:				
Buildings	9,105,766	--	--	9,105,766
Improvements	472,419	55,607	--	528,026
Machinery & Equipment	1,417,392	661,852	--	2,079,244
Library Books	154,638	--	--	154,638
Total capital assets being depreciated	11,150,215	717,459	--	11,867,674
Less accumulated depreciation for:				
Buildings	3,467,897	197,271	--	3,665,168
Improvements	248,682	32,665	--	281,347
Machinery & Equipment	916,531	196,736	--	1,113,267
Library Books	154,638	--	--	154,638
Total accumulated depreciation	4,787,748	426,672	--	5,214,420
Total capital assets being depreciated, net	6,362,467	290,787	--	6,653,254
Net Capital Assets	\$ 6,597,184	\$ 315,787	\$ --	\$ 6,912,971

Depreciation expense was charged to functions as follows:

Instruction	\$ 200,736
Support services	212,210
Co-curricular activities	13,726
Total Depreciation Expense	\$ 426,672

**Viborg-Hurley School District No. 60-6**

Notes to the Financial Statements

June 30, 2024

**6. Changes in Capital Assets:**

	<u>6/30/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2024</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Equipment	\$ 172,849	\$ --	\$ --	\$ 172,849
Less accumulated depreciation for:				
Machinery and Equipment	124,406	5,781	--	130,187
Total capital assets, net	<u>\$ 48,443</u>	<u>\$ (5,781)</u>	<u>\$ --</u>	<u>\$ 42,662</u>

Depreciation expense was charged to functions as follows:

Business-type activities:

Food service \$ 5,781

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

<u>Project Name</u>	<u>Project Authorization</u>	<u>Through 6/30/2024</u>	<u>Committed</u>
Athletic Center Planning	\$ 25,000	\$ 25,000	\$ --

**7. Long-Term Liabilities:**

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

	<u>6/30/2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2024</u>
<b>Governmental Activities:</b>				
Other Liabilities:				
OPEB	\$ 192,146	\$ 70,923	\$ 40,675	\$ 222,394
Total Long-Term Liabilities	<u>\$ 192,146</u>	<u>\$ 70,923</u>	<u>\$ 40,675</u>	<u>\$ 222,394</u>

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

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

Other Post Employment Benefits –

Payable from the fund to which payroll expenditures are charged \$ 222,394

**Viborg-Hurley School District No. 60-6**

Notes to the Financial Statements

June 30, 2024

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**8. Restricted Net Position:**

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

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 2,654,813
Special Education	Law	1,744,372
Insurance Purposes	Law	1,670
SDRS Pension Purposes	Law	317,410
Total		<u>\$ 4,718,265</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), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731.

Benefits Provided:

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

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

## Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2024

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### 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 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

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, 2024, 2023, and 2022 were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 144,193
2023	138,952
2022	125,972



**Viborg-Hurley School District No. 60-6**

Notes to the Financial Statements

June 30, 2024

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

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

At June 30, 2023, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate 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, 2023 and reported by the School District as of June 30, 2024 are as follows:

Proportionate share of pension liability	\$ 13,010,323
Less proportionate share of net pension restricted for pension	<u>13,019,087</u>
Proportionate share of net pension (asset)	<u><u>\$ (8,764)</u></u>

At June 30, 2024, the School District reported an asset of (\$8,764) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 and the total pension liability used to calculate the net pension 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, 2023, the School District's proportion was 0.08978400% which is an increase of 0.0017510% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized reduction of pension expense of \$29,290. At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows or resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 248,400	\$ --
Changes in assumption	299,606	437,957
Net difference between projected and actual earnings on pension plan investments	58,343	--
Changes in proportion and difference between district contributions and proportionate share of contributions	9	3,948
District contributions subsequent to the measurement date	<u>144,193</u>	<u>--</u>
Total	<u><u>\$ 750,551</u></u>	<u><u>\$ 441,905</u></u>

## Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2024

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### 9. Pension Plan: (Continued)

\$144,193 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<b>Year Ended</b>	
<b>June 30,</b>	
2025	\$ 117,668
2026	(133,860)
2027	168,641
2028	12,005
Total	<u>\$ 164,454</u>

#### Actuarial Assumptions:

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

Inflation	2.50%
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	1.91%

#### Mortality Rates:

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

#### Active and Terminated Vested Members:

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

Other Class A Members: PubG – 2010.

Public Safety Members: PubS – 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, 2024

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

Investment portfolio management is the statutory responsibility of the South Dakota investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). the long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	<u>100.0%</u>	

#### Discount Rate:

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

**Viborg-Hurley School District No. 60-6**

Notes to the Financial Statements

June 30, 2024

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**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)	\$ 1,796,173	\$ (8,764)	\$ (1,484,857)

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

Retirees currently receiving benefit payments	3
Active employees	50
	53

**Viborg-Hurley School District No. 60-6**

Notes to the Financial Statements

June 30, 2024

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**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, 2023 Actuarial Valuation Report. See Note 9 – Pension Note.

**Changes in the Total OPEB Liability:**

Beginning of Year Balances	\$	192,146
Service Cost		20,984
Interest		9,264
End of Year Balances	\$	<u>222,394</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 3.54%.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 257,000	\$ 222,394	\$ 194,000

For the year ended June 30, 2024, the School District recognized OPEB revenue of \$27,533.

**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	10.23%
Beresford	20.82%
Canton	27.27%
Elk Point-Jefferson	21.38%
Irene-Wakonda	8.46%
Viborg-Hurley	11.84%

## Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2024

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### 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, 2024, the joint venture had:

	<u>June 30, 2024</u>
Assets	\$ 1,360,661
Deferred Outflows of Resources	\$ 439,651
Liabilities	\$ 259,709
Deferred Inflows of Resources	\$ 253,323
Net Position	\$ 1,287,280

### 12. Related Parties:

The School District contracted services from Red Dog Construction totaling approximately \$20,849 for the year ended June 30, 2024. Chris Richards, Board President, is the owner of Red Dog Construction. The underlying transactions were approved by the School District Board and occurred in the normal course of the School District's operations.

### 13. Risk Management:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2024, the School District managed its risks as follows:

#### Employee Health Insurance:

The School District joined the Northern Plains Insurance Pool. This is a Joint Power Authority, authorized by SDCL. To be eligible for membership, an applicant must be a governmental unit and a member of the pool. The objective of the pool is to formulate, develop, and administer on behalf of the member organizations, a program of health coverage through pooling risks, self-insurance and joint purchases of insurance.

The pool's contract with its members requires that the members meet an annual participation requirement of seventy five percent of total eligible employees as defined by the benefits plan or plans. A member may voluntarily terminate participation in a plan funded through the pool effective as the close of any plan year following completion of the member's initial participation period as defined by the Joint Powers Agreement.

## Viborg-Hurley School District No. 60-6

Notes to the Financial Statements

June 30, 2024

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### 13. Risk Management: (Continued)

The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The coverage offered is on the occurrence basis which provides for the payment of claims that occur during the period of coverage regardless of when the claim is reported.

#### 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.

#### 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, 2024, no claims for unemployment benefits were paid. At June 30, 2024, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

## Required Supplementary Information



## Viborg-Hurley School District No. 60-6

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis  
June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,148,213	\$ 1,148,213	\$ 1,161,455	\$ 13,242
Prior years' ad valorem taxes	5,000	5,000	7,326	2,326
Utility taxes	135,000	135,000	146,163	11,163
Penalties and interest on taxes	2,000	2,000	2,451	451
Tuition and Fees:				
Regular Day School Transportation Fees	3,000	3,000	5,460	2,460
Earnings on investments and deposits	66,000	66,000	151,653	85,653
Cocurricular Activities:				
Admissions	20,000	20,000	20,477	477
Rentals	2,500	2,500	1,505	(995)
Other Revenue from Local Sources:				
Rentals	4,800	4,800	7,700	2,900
Contributions and donations	10,000	10,000	12,883	2,883
Charges for services	1,000	1,000	--	(1,000)
Other	50,000	50,000	48,673	(1,327)
Revenue from Intermediate Sources:				
County sources:				
County apportionment	49,000	49,000	27,173	(21,827)
Revenue in lieu of taxes	1,000	1,000	1,200	200
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,874,654	1,874,654	1,766,945	(107,709)
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	98,559	--
<b>Total Revenues</b>	<b>\$ 3,475,726</b>	<b>\$ 3,475,726</b>	<b>\$ 3,463,033</b>	<b>\$ (12,693)</b>

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, 2024 (Continued)

Expenditures	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Instructional Services:</b>				
Regular programs				
Elementary	\$ 584,483	\$ 584,483	\$ 562,943	\$ 21,540
Middle/junior high	551,571	551,571	521,321	30,250
High school	571,287	571,287	535,948	35,339
Preschool	75,278	75,278	64,486	10,792
Special programs:				
Educationally deprived	126,910	126,910	103,568	23,342
<b>Support Services:</b>				
Students:				
Guidance	103,393	103,393	94,435	8,958
Health	3,000	3,000	2,517	483
Psychological	1,000	1,000	--	1,000
Instructional Staff:				
Improvement of instruction	10,000	10,000	7,955	2,045
Educational media	111,367	111,367	109,150	2,217
General Administration:				
Board of education	40,259	40,259	27,995	12,264
Executive administration	237,102	237,102	218,520	18,582
School Administration:				
Office of the principal	171,541	171,541	152,193	19,348
Other	250	250	108	142
Business:				
Fiscal services	106,359	106,359	90,972	15,387
Operation and maintenance of plant	561,573	561,573	445,657	115,916
Student transportation	263,421	263,421	225,138	38,283
<b>Cocurricular Activities:</b>				
Male activities	72,789	72,789	66,639	6,150
Female activities	84,137	84,137	50,608	33,529
Transportation	29,138	29,138	15,924	13,214
Combined activities	111,440	111,440	95,155	16,285
Total Expenditures	3,816,298	3,816,298	3,391,232	425,066
Excess of Revenues Over Expenditures	(340,572)	(340,572)	71,801	412,373
<b>Other Financing Sources:</b>				
Operating transfers in	295,000	295,000	--	(295,000)
Operating transfers out	(5,000)	(5,000)	--	5,000
Sale of surplus property	1,000	1,000	1,125	125
Total Other Financing Sources:	291,000	291,000	1,125	(289,875)
Net Change in Fund Balances	(49,572)	(49,572)	72,926	122,498
<b>Fund Balance, Beginning of Year</b>	1,017,781	1,017,781	1,017,781	--
<b>Fund Balance, End of Year</b>	\$ 968,209	\$ 968,209	\$ 1,090,707	\$ 122,498

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 900,000	\$ 900,000	\$ 927,003	\$ 27,003
Prior years' ad valorem taxes	2,500	2,500	3,662	1,162
Penalties and interest on taxes	2,500	2,500	1,532	(968)
Earnings on investments & deposits	--	--	22,656	22,656
Other Revenue from Local Sources:				
Other	501,500	501,500	430,470	(71,030)
Revenue from Intermediate Sources:				
County Sources				
County Apportionment	10,000	10,000	--	(10,000)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through the state	280,000	280,000	--	(280,000)
Restricted grants-in-aid received directly from federal government	26,000	26,000	16,946	(9,054)
Restricted grants-in-aid received directly from federal government through the state	--	--	36,328	36,328
Total Revenues	1,722,500	1,722,500	1,438,597	(283,903)

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, 2024 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Expenditures</b>				
Instructional Services:				
Regular Programs:				
Elementary	83,500	83,500	83,071	429
Middle/junior high	20,000	20,000	11,646	8,354
High school	72,000	72,000	71,437	563
Special programs				
Support Services:				
Instructional Staff:				
Educational media	57,500	57,500	50,167	7,333
General Administration				
Executive Administration	3,500	3,500	3,297	203
Business:				
Fiscal Services	7,000	7,000	--	7,000
Facilities acquisition and construction	714,000	714,000	352,605	361,395
Operation and maintenance of plant	28,500	28,500	24,604	3,896
Student transportation	539,500	539,500	539,166	334
Cocurricular Activities:				
Male activities	20,000	20,000	17,202	2,798
Female activities	20,000	20,000	5,280	14,720
Combined activities	35,500	35,500	22,603	12,897
Total Expenditures	<u>1,601,000</u>	<u>1,601,000</u>	<u>1,181,078</u>	<u>419,922</u>
Excess of Revenue Over (Under)				
Expenditures	<u>121,500</u>	<u>121,500</u>	<u>257,519</u>	<u>136,019</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(295,000)	(295,000)	--	295,000
Sale of surplus property	1,000	1,000	--	(1,000)
Total Other Financing Sources (Uses)	<u>(294,000)</u>	<u>(294,000)</u>	<u>--</u>	<u>294,000</u>
Net Change in Fund Balances	(172,500)	(172,500)	257,519	430,019
<b>Fund Balance, Beginning of Year</b>	2,375,538	2,375,538	2,375,538	--
<b>Fund Balance, End of Year</b>	<u>\$ 2,203,038</u>	<u>\$ 2,203,038</u>	<u>\$ 2,633,057</u>	<u>\$ 430,019</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 750,000	\$ 750,000	\$ 785,370	\$ 35,370
Prior years' ad valorem taxes	5,000	5,000	2,881	(2,119)
Penalties and interest on taxes	2,500	2,500	1,286	(1,214)
Charges for services	55,500	55,500	3,919	(51,581)
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	12,000	12,000	--	(12,000)
Total Revenues	<u>825,000</u>	<u>825,000</u>	<u>793,456</u>	<u>(31,544)</u>
<b>Expenditures</b>				
Instructional Services:				
Special Programs:				
Programs for Special Education	581,382	581,382	500,024	81,358
Support Services:				
Students:				
Health	20,000	20,000	--	20,000
Psychological	30,500	30,500	25,108	5,392
Speech Pathology	43,000	43,000	30,356	12,644
Student therapy services	37,500	37,500	20,317	17,183
Special Education:				
Administrative costs	157,817	157,817	154,427	3,390
Transportation costs	37,128	37,128	33,877	3,251
Total Expenditures	<u>907,327</u>	<u>907,327</u>	<u>764,109</u>	<u>143,218</u>
Net Change in Fund Balance	(82,327)	(82,327)	29,347	111,674
<b>Fund Balance, Beginning of Year</b>	<u>1,698,459</u>	<u>1,698,459</u>	<u>1,698,459</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,616,132</u>	<u>\$ 1,616,132</u>	<u>\$ 1,727,806</u>	<u>\$ 111,674</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, 2024

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**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, 2024

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**TOTAL OPEB LIABILITY**

Service Cost	\$ 20,984
Interest on Total OPEB Liability	<u>9,264</u>
Net change in total OPEB liability	30,248
Total OPEB liability, beginning	<u>192,146</u>
Total OPEB liability, ending	<u><u>\$ 222,394</u></u>

**Viborg-Hurley School District No. 60-6**

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0897840%	0.0880330%	0.0880410%	0.0913220%	0.0870228%	0.0848051%	0.0820613%	0.0773513%	0.0775495%	0.0824898%
District's proportionate share of net pension liability (asset)	\$ (8,764)	\$ (8,320)	\$ (674,243)	\$ (3,966)	\$ (9,222)	\$ (1,978)	\$ (7,447)	\$ 261,285	\$ (328,910)	\$ (594,305)
District's covered-employee payroll	\$ 2,315,796	\$ 2,099,528	\$ 1,985,148	\$ 2,004,249	\$ 1,850,284	\$ 1,762,998	\$ 1,667,300	\$ 1,458,118	\$ 1,415,824	\$ 1,442,507
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.38%	0.40%	33.96%	0.20%	0.50%	0.11%	0.45%	17.92%	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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



**Viborg-Hurley School District No. 60-6**  
Schedule of the School District Contributions South Dakota Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 144,193	\$ 138,952	\$ 125,972	\$ 119,109	\$ 120,255	\$ 111,017	\$ 105,781	\$ 100,039	\$ 87,487	\$ 84,950
Contributions in relation to the contractually-required contribution	<u>144,193</u>	<u>138,952</u>	<u>125,972</u>	<u>119,109</u>	<u>120,255</u>	<u>111,017</u>	<u>105,781</u>	<u>100,039</u>	<u>87,487</u>	<u>84,950</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 2,403,232	\$ 2,315,796	\$ 2,099,528	\$ 1,985,148	\$ 2,004,249	\$ 1,850,284	\$ 1,762,998	\$ 1,667,300	\$ 1,458,118	\$ 1,415,824
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	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, 2024

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#### Changes from Prior Valuation

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

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

#### Benefit Provision Changes

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

#### Actuarial Assumption Changes

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

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

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

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

#### Actuarial Method Changes

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