

Centerville School District No. 60-1

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

**For the Year Ended
June 30, 2023**

Centerville School District No. 60-1

School District Officials

June 30, 2023

Board Members

Laura Hybertson----- Board President

Ryan Austin -----Vice President

Maggie Stevens----- Member

Troy Knudson ----- Member

Mike Moore ----- Member

Eric Knight-----Superintendent

Angie Poll -----Business Manager

Centerville School District No. 60-1

Table of Contents

	Page
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	1-2
Schedule of Prior and Current Audit Findings -----	3
Independent Auditor's Report -----	4-6
Government-Wide Financial Statements	
Statement of Net Position-----	7
Statement of Activities-----	8
Fund Financial Statements	
Governmental Funds:	
Balance Sheet-----	9
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-----	10
Statement of Revenues, Expenditures and Changes in Fund Balances-----	11-12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-----	13
Proprietary Funds:	
Statement of Net Position-----	14
Statement of Revenues, Expenses and Changes in Net Position-----	15
Statement of Cash Flows-----	16
Fiduciary Funds:	
Statement of Net Position-----	17
Statement of Changes in Fiduciary Net Position-----	18
Notes to the Financial Statements -----	19-43
Required Supplementary Information -----	44
Budgetary Comparison Schedule - General Fund - Budgetary Basis-----	45-46
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis-----	47
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis-----	48
Notes to the Required Supplementary Information-----	49
Schedule of Changes in Total OPEB Liability-----	50
Schedule of the Proportionate Share of the Net Pension Liability (Asset)-----	51
Schedule of the School District Contributions-----	52
Notes to the Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions-----	53-54



**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
Centerville School District No. 60-1
Centerville, 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 Centerville School District No. 60-1, South Dakota, as of June 30, 2023, and for 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 December 22, 2023.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "CLO Prof LLC".

Elk Point, South Dakota
December 22, 2023

Centerville School District No. 60-1
Schedule of Prior and Current Audit Findings
Year Ended June 30, 2023

Prior Audit Findings

There are no prior other audit findings to report.

Current Audit Findings

There are no current audit findings to report.



Independent Auditor's Report

School Board
Centerville School District No. 60-1
Centerville, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Centerville School District No. 60-1, South Dakota, as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, 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 Centerville School District No. 60-1 as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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 Budgetary Comparison Schedules, the Schedule of the School District Contributions, and the Schedule of the School District's Proportionate Share of the net Pension Liability (Asset) and the Schedule of Changes in Total OPEB 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.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matter. The purpose of the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.



Elk Point, South Dakota
December 22, 2023

Centerville School District No. 60-1
Statement of Net Position – Government-Wide
June 30, 2023

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and cash equivalents	\$ 1,645,139	\$ 118,588	\$ 1,763,727
Investments-certificates of deposit	511,944	--	511,944
Accounts receivable	--	289	289
Taxes receivable	876,663	--	876,663
Due From Other Government	61,059	--	61,059
Inventories	--	4,787	4,787
Net pension asset	6,454	--	6,454
Capital assets:			
Land and construction in progress	56,000	--	56,000
Other capital assets, net of depreciation	<u>1,236,258</u>	<u>953,187</u>	<u>2,189,445</u>
Total Assets	<u>4,393,517</u>	<u>1,076,851</u>	<u>5,470,368</u>
Deferred Outflows of Resources:			
OPEB-related deferred outflows	14,496	--	14,496
Pension-related deferred outflows	<u>637,777</u>	<u>--</u>	<u>637,777</u>
Total Deferred Outflows of Resources	<u>652,273</u>	<u>--</u>	<u>652,273</u>
Liabilities:			
Accounts Payable	19,458	197	19,655
Unearned revenue	--	4,364	4,364
Other current liabilities	278,722		278,722
Long-term liabilities:			
Due within one year	5,777	--	5,777
Due in more than one year	<u>158,872</u>	<u>--</u>	<u>158,872</u>
Total Liabilities	<u>462,829</u>	<u>4,561</u>	<u>467,390</u>
Deferred Inflows of Resources:			
Taxes levied for future periods	875,281	--	875,281
Pension related deferred inflows	375,607	--	375,607
OBEP-related deferred inflows	<u>170,359</u>	<u>--</u>	<u>170,359</u>
Total Deferred Inflows of Resources	<u>1,421,247</u>	<u>--</u>	<u>1,421,247</u>
Net Position:			
Net investment in capital assets	1,275,743	953,187	2,228,930
Restricted for:			
Capital outlay	653,135	--	653,135
Special education	435,648	--	435,648
Library	20,362	--	20,362
SDRS pension purposes	268,624	--	268,624
Unrestricted	<u>508,202</u>	<u>119,103</u>	<u>627,305</u>
Total Net Position	<u>\$ 3,161,714</u>	<u>\$ 1,072,290</u>	<u>\$ 4,234,004</u>

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

Centerville School District No. 60-1
Statement of Activities – Government-Wide
June 30, 2023

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	\$ 1,902,152	\$ --	\$ 153,451	\$ (1,748,701)	\$ --	\$ (1,748,701)	
Support services	1,716,088	31,564	18,851	(1,665,673)	--	(1,665,673)	
Community services	3,479	--	--	(3,479)	--	(3,479)	
Interest on long-term debt	383	--	--	(383)	--	(383)	
Cocurricular activities	259,763	16,200	--	(243,563)	--	(243,563)	
Total Governmental Activities	3,881,865	47,764	172,302	(3,661,799)	--	(3,661,799)	
Business-Type Activities:							
Food service	268,948	105,762	87,738	--	(75,448)	(75,448)	
Other Enterprise	50,704	37,473	18,469	--	5,238	5,238	
Total Business Type Activities	319,652	143,235	106,207	--	(70,210)	(70,210)	
Total Primary Government	\$ 4,201,517	\$ 190,999	\$ 278,509	(3,661,799)	(70,210)	(3,732,009)	
General Revenues:							
Taxes:							
Property taxes				1,725,317	--	1,725,317	
Utility Taxes				61,135	--	61,135	
Revenue from state sources:							
State aid				1,550,391	--	1,550,391	
Unrestricted investment earnings				45,217	1,269	46,486	
Contributions and Donations				54,604	--	54,604	
Other general revenues				220,794	--	220,794	
Total General Revenues				3,657,458	1,269	3,658,727	
				Change in Net Position	(4,341)	(68,941)	(73,282)
				Net Position - Beginning of Year	3,166,055	1,141,231	4,307,286
				Net Position - Ending of Year	\$ 3,161,714	\$ 1,072,290	\$ 4,234,004

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

Centerville School District No. 60-1

Balance Sheet – Governmental Funds

June 30, 2023

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Library</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 675,627	\$ 553,523	\$ 394,241	\$ 21,748	\$ 1,645,139
Investments - certificates of deposit	307,166	102,389	102,389	--	511,944
Taxes receivable - current	331,910	295,976	247,395	--	875,281
Taxes receivable - delinquent	672	377	333	--	1,382
Due from other governments	61,059	--	--	--	61,059
Total Assets	<u>\$ 1,376,434</u>	<u>\$ 952,265</u>	<u>\$ 744,358</u>	<u>\$ 21,748</u>	<u>\$ 3,094,805</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 352	\$ 3,154	\$ 14,566	\$ 1,386	\$ 19,458
Contracts payable	165,786	--	34,297	--	200,083
Payroll deductions and withholding and employer matching payable	66,187	--	12,452	--	78,639
Total Liabilities	<u>232,325</u>	<u>3,154</u>	<u>61,315</u>	<u>1,386</u>	<u>298,180</u>
Deferred Inflows of Resources:					
Taxes levied for future period	331,910	295,976	247,395	--	875,281
Delinquent taxes not available	672	377	333	--	1,382
Total Deferred Inflows of Resources	<u>332,582</u>	<u>296,353</u>	<u>247,728</u>	<u>--</u>	<u>876,663</u>
Fund Balances:					
Restricted:					
For capital outlay	--	652,758	--	--	652,758
For special education	--	--	435,315	--	435,315
For library fund	--	--	--	20,362	20,362
Assigned	168,369	--	--	--	168,369
Unassigned	643,158	--	--	--	643,158
Total Fund Balances	<u>811,527</u>	<u>652,758</u>	<u>435,315</u>	<u>20,362</u>	<u>1,919,962</u>
Total Liabilities and Fund Balances	<u>\$ 1,376,434</u>	<u>\$ 952,265</u>	<u>\$ 744,358</u>	<u>\$ 21,748</u>	<u>\$ 3,094,805</u>

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

Centerville School District No. 60-1

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds \$ 1,919,962

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. 1,292,258

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

Intangible Lease Liabilities	(16,515)	
Other Postemployment Benefits Payable	(82,835)	
Accrued Leave	<u>(65,299)</u>	(164,649)

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 1,382

Proportionate Share of Net Pension Asset 6,454

Pension and OPEB related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (545,966)

Pension and OPEB related deferred outflows are components of non current assets and therefore are not reported in the funds. 652,273

Net Position - Governmental Activities \$ 3,161,714

Centerville School District No. 60-1
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2023

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Non Major Library</u>	<u>Total Governmental Funds</u>
Revenues					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 650,231	\$ 582,261	\$ 489,587	\$ --	\$ 1,722,079
Prior years' ad valorem taxes	3,493	1,742	1,502	--	6,737
Utility taxes	61,135	--	--	--	61,135
Penalties and interest on taxes	1,382	1,074	1,020	--	3,476
Earnings on Investments and Deposits	24,093	10,930	9,981	213	45,217
Cocurricular Activities:					
Admissions	14,756	--	--	--	14,756
Rentals	544	--	--	--	544
Other student activity income	900	--	--	--	900
Other Revenue from Local Sources:					
Contributions and donations	2,687	47,125	--	4,792	54,604
Charges for services	8,169	--	24,594	--	32,763
Other	36,392	137,502	--	1,181	175,075
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	16,156	--	--	--	16,156
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	1,546,391	--	--	--	1,546,391
Restricted grants-in-aid	2,500	--	--	--	2,500
Other state revenue	1,500	--	--	--	1,500
Revenue from Federal Sources:					
Grants-in-Aid:					
Restricted grants-in-aid received directly from federal government	18,851	--	--	--	18,851
Restricted grants-in-aid received from federal government through the state	76,394	--	77,057	--	153,451
Total Revenues	<u>\$ 2,465,574</u>	<u>\$ 780,634</u>	<u>\$ 603,741</u>	<u>\$ 6,186</u>	<u>\$ 3,856,135</u>

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

Centerville School District No. 60-1

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

June 30, 2023 (Continued)

	General	Capital Outlay	Special Education	Library	Total Governmental Funds
Expenditures					
Instructional Services:					
Regular Programs:					
Elementary	\$ 485,374	\$ 5,902	\$ --	\$ --	\$ 491,276
Middle/junior high	317,821	3,748	--	--	321,569
High school	386,239	57,872	--	--	444,111
Preschool	50,874	--	--	--	50,874
Special Programs:					
Programs for special education	--	--	441,477	--	441,477
Educationally deprived	45,027	--	--	--	45,027
Support Services:					
Students:					
Guidance	70,226	--	--	--	70,226
Psychological	--	--	4,374	--	4,374
Health	60,424	--	--	--	60,424
Speech pathology	--	--	70,922	--	70,922
Student therapy services	--	--	52,848	--	52,848
Instructional Staff:					
Educational media	46,342	--	--	--	46,342
General Administration:					
Board of education	32,432	--	--	--	32,432
Executive administration	133,657	--	--	--	133,657
School Administration:					
Office of the principal	159,795	--	--	--	159,795
Other	547	--	--	--	547
Business:					
Fiscal services	137,622	--	--	--	137,622
Facilities acquisition and construction	--	416,936	--	--	416,936
Operation and maintenance of plant	248,832	81,817	--	--	330,649
Student transportation	97,626	--	--	--	97,626
Special Education:					
Administrative costs	--	--	13,175	--	13,175
Community Services:					
Library	--	--	--	3,479	3,479
Debt Services:					
	--	5,126	--	--	5,126
Cocurricular Activities:					
Transportation	6,838	--	--	--	6,838
Combined activities	148,697	55,482	--	--	204,179
Capital Outlay	--	79,626	--	--	79,626
Total Expenditures	<u>2,428,373</u>	<u>706,509</u>	<u>582,796</u>	<u>3,479</u>	<u>3,721,157</u>
Net Change in Fund Balances	37,201	74,125	20,945	2,707	134,978
Fund Balance, Beginning of Year	<u>774,326</u>	<u>578,633</u>	<u>414,370</u>	<u>17,655</u>	<u>1,784,984</u>
Fund Balance, End of Year	<u>\$ 811,527</u>	<u>\$ 652,758</u>	<u>\$ 435,315</u>	<u>\$ 20,362</u>	<u>\$ 1,919,962</u>

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

Centerville School District No. 60-1
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	134,978
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.		79,626
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.		(265,124)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(3,200)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position		
Intangible Lease Liability		4,743
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."		(6,975)
Governmental funds do not reflect the change in compensated absences liabilities but the Statement of Activities reflects the change in these accruals through expenses.		(12,453)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		33,125
Changes in the OPEB related deferred outflows/inflows are direct components of noncurrent liability (asset) and are not reflected in the governmental funds.		30,939
		30,939
Change in net position of governmental activities	\$	(4,341)

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

Centerville School District No. 60-1
Statement of Net Position – Proprietary Funds
June 30, 2023

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 47,323	\$ 71,265	\$ 118,588
Accounts receivable, net	289	--	289
Inventory - supplies	1,441	--	1,441
Inventory - stores for resale	2,779	--	2,779
Inventory of donated food	567	--	567
Total Current Assets	<u>52,399</u>	<u>71,265</u>	<u>123,664</u>
Noncurrent Assets:			
Building	853,813	--	853,813
Machinery and equipment - local funds	263,922	--	263,922
Less accumulated depreciation	(164,548)	--	(164,548)
Total Noncurrent Assets	<u>953,187</u>	<u>--</u>	<u>953,187</u>
Total Assets	<u>\$ 1,005,586</u>	<u>\$ 71,265</u>	<u>\$ 1,076,851</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ --	\$ 197	\$ 197
Unearned revenue	4,364	--	4,364
Total Current Liabilities	<u>4,364</u>	<u>197</u>	<u>4,561</u>
Net Position:			
Net investment in capital assets	953,187	--	953,187
Unrestricted net position	<u>48,035</u>	<u>71,068</u>	<u>119,103</u>
Total Net Position	<u>\$ 1,001,222</u>	<u>\$ 71,068</u>	<u>\$ 1,072,290</u>

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

Centerville School District No. 60-1

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2023

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Tuition and Fees:			
Driver's education fees	\$ --	\$ 5,425	\$ 5,425
Wellness center	--	437	437
Day care	--	31,611	31,611
Student	101,609	--	101,609
Adult	4,153	--	4,153
Total Operating Revenue	<u>105,762</u>	<u>37,473</u>	<u>143,235</u>
Operating Expenses:			
Food Service:			
Salaries	55,681	33,609	89,290
Employee benefits	19,243	9,059	28,302
Purchased services	1,174	--	1,174
Supplies	12,719	7,951	20,670
Cost of sales - purchased	90,166	--	90,166
Cost of sales - donated	15,101	--	15,101
Other	1,129	85	1,214
Depreciation	73,735	--	73,735
Total Operating Expenses	<u>268,948</u>	<u>50,704</u>	<u>319,652</u>
Operating Income(Loss)	(163,186)	(13,231)	(176,417)
Nonoperating Revenues/Expenses:			
Investment earnings	282	987	1,269
Other local revenue	233	562	795
State grants	481	17,907	18,388
Federal grants	71,421	--	71,421
Donated food	15,603	--	15,603
Total Nonoperating Revenue/ (Expenses)	<u>88,020</u>	<u>19,456</u>	<u>107,476</u>
Change in Net Position	(75,166)	6,225	(68,941)
Net Position - Beginning of Year	<u>1,076,388</u>	<u>64,843</u>	<u>1,141,231</u>
Net Position - End of Year	<u>\$ 1,001,222</u>	<u>\$ 71,068</u>	<u>\$ 1,072,290</u>

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

Centerville School District No. 60-1
Statement of Cash Flows – Proprietary Funds
June 30, 2023

	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 105,715	\$ 37,473	\$ 143,188
Cash payments to suppliers	(106,083)	(7,839)	(113,922)
Cash payments to employees	(74,924)	(42,668)	(117,592)
Net Cash (Used) by Operating Activities	<u>(75,292)</u>	<u>(13,034)</u>	<u>(88,326)</u>
Cash Flows from Noncapital Financing Activities:			
Other local revenue	232	562	794
Cash reimbursements - state	481	17,907	18,388
Cash reimbursements - federal	71,421	--	71,421
Net Cash Provided by Noncapital Financing Activities	<u>72,134</u>	<u>18,469</u>	<u>90,603</u>
Cash Flows from Investing Activities:			
Investment Earnings	282	987	1,269
Net Cash Provided by Investing Activities	<u>282</u>	<u>987</u>	<u>1,269</u>
Net Change in Cash and Cash Equivalents	(2,876)	6,422	3,546
Cash and Cash Equivalents, Beginning of Year	50,199	64,843	115,042
Cash and Cash Equivalents, End of Year	<u>\$ 47,323</u>	<u>\$ 71,265</u>	<u>\$ 118,588</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities			
Operating (Loss)	\$ (163,186)	\$ (13,231)	\$ (176,417)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	73,735	--	73,735
Value of commodities used	15,101	--	15,101
Change in Assets and Liabilities:			
Accounts receivable	28	--	28
Inventory	(895)	--	(895)
Deferred revenue	(75)	--	(75)
Accounts payable	--	197	197
Net cash (used) by operating activities	<u>\$ (75,292)</u>	<u>\$ (13,034)</u>	<u>\$ (88,326)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 15,603</u>	<u>\$ --</u>	<u>\$ 15,603</u>

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

Centerville School District No. 60-1
Statement of Net Position – Fiduciary Funds
June 30, 2023

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 73,006
Accounts receivable	<u>1,767</u>
Total Assets	<u><u>\$ 74,773</u></u>
Net Position:	
Individuals, organizations, and other governments	<u>\$ 74,773</u>
Total Net Position	<u><u>\$ 74,773</u></u>

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

Centerville School District No. 60-1
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
Additions:	
Collections for student activities	\$ 144,943
Deductions:	
Payments for student activities	<u>226,653</u>
Change in Net Position	<u>(81,710)</u>
Net Position - Beginning	<u>156,483</u>
Net Position - Ending	<u><u>\$ 74,773</u></u>

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

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

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 Centerville School District No. 60-1, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and 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 governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

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 Law (SDCL) 13-16-3 to meet all the general operational costs of the school district, excluding capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

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

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

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

Library Fund – A fund established for the purpose of paying for the purchases of books for the school district liability. This fund is financed by grants and donations. This is a non-major fund.

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

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 or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met.

- a. 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.)
- b. 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.
- c. 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 day care services and drivers' education instruction conducted for the benefit of the children. This fund is financed by user charges. This is a major Fund.

Fiduciary Funds:

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

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The district maintains custodial funds for the following purposes: Student Class funds, Student Club Funds, Music Boosters, Library, and Clearing Accounts.

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.

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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 does not exceed one bill-paying cycle, and for Centerville School District No. 60-1, the length of that cycle is 60 days.

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

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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 entirely of certificates of deposit whose term to maturity at 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.

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.

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

The total June 30, 2023 balance of capital assets for governmental activities includes approximately less than one percent for which the costs were determined by estimates of the original costs. The total June 30, 2023 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 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 Method</u>	<u>Estimated Useful Life</u>
Land*	ALL	NA	NA
Buildings	\$ 10,000	Straight-line	10-50 years
Improvements	\$ 10,000	Straight-line	5-20 years
Machinery and Equipment	\$ 10,000	Straight-line	5-20 years
Food Service Machinery and Equipment	\$ 10,000	Straight-line	5-20 years

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

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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 compensated absences, other post-employment benefits payable, and intangible leases.

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

h. Leases:

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

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

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

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

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

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

i. Subscription-Based Information Technology Arrangements:

The School District has entered into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. The School District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

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

Key estimates and judgments related to subscriptions 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 are reported with long-term debt on the statement of net position.

j. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

k. Deferred Inflows and Deferred Outflows of Resources:

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

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

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 and expenses.

m. Cash and Cash Equivalents:

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

n. Equity Classifications:

Government-wide Financial Statements:

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

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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 distinguished 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 are 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.
- 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.
- 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.

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

The School district does not have a formal minimum fund balance policy.

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

q. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

r. 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. Implementation of Accounting Standard:

In 2023, the School District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Information Technology Arrangements. The implementation of this standard had no effect on beginning net position.

3. Deposits and investments Fair Value Measurement, 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:

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

3. Deposits and investments Fair Value Measurement, 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 district funds to be invested only 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 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.

Certificates of deposit, with a term to maturity of greater than 3 months when purchased, when insured or collateralized and are considered deposits. The School District has the following certificates of deposit as of June 30, 2023.

	<u>Credit Rating</u>	<u>Fair Value</u>
South Dakota Public Funds Investment - Trust	Unrated	\$ 511,944

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

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.

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

3. Deposits and investments Fair Value Measurement, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk: (Continued)

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. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Investment earnings were not material to the individual funds.

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

4. Inventory:

Inventory held for consumption is stated at cost.

Inventory for Resale is stated at the lower of cost or market. The cost valuation method is 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, 2023.

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."

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

6. Due from other Governments:

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts due from other governments include reimbursements for various programs. These amounts include \$61,059 due from various county, school, state and federal governments.

7. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2023 is as follows:

	<u>6/30/2022</u>			<u>6/30/2023</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 56,000	\$ --	\$ --	\$ 56,000
Total capital assets not being depreciated/amortized	<u>56,000</u>	<u>--</u>	<u>--</u>	<u>56,000</u>
Capital assets being depreciated/amortized:				
Buildings	3,705,104		--	3,705,104
Improvements	914,732	77,246	61,376	930,602
Machinery & Equipment	736,875	--	60,975	675,900
Intangible Assets	24,368	--	--	24,368
Library Books	79,433	2,380	--	81,813
Total capital assets being depreciated/amortized	<u>5,460,512</u>	<u>79,626</u>	<u>122,351</u>	<u>5,417,787</u>
Less accumulated depreciation/amortization for:				
Buildings	2,967,826	115,712	--	3,083,538
Improvements	426,889	76,188	61,376	441,701
Machinery & Equipment	604,704	61,822	57,775	608,751
Intangible Assets	3,249	7,311	--	10,560
Library Books	32,888	4,091	--	36,979
Total accumulated depreciation/amortization	<u>4,035,556</u>	<u>265,124</u>	<u>119,151</u>	<u>4,181,529</u>
Total capital assets being depreciated/amortized, net	<u>1,424,956</u>	<u>(185,498)</u>	<u>3,200</u>	<u>1,236,258</u>
Net Capital Assets	<u>\$ 1,480,956</u>	<u>\$ (185,498)</u>	<u>\$ 3,200</u>	<u>\$ 1,292,258</u>

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

7. Changes in Capital Assets: (Continued)

Depreciation/Amortization expense was charged to functions as follows:

Instruction	\$ 107,816
Support services	101,252
Amortization	7,310
Co-curricular activities	48,746
Total Depreciation/Amortization Expense	<u>\$ 265,124</u>

	6/30/2022	Increases	Decreases	6/30/2023
Business-Type Activities:	Balance			Balance
Capital assets, being depreciated:				
Equipment	\$ 263,923	\$ --	\$ --	\$ 263,923
Building	853,813	--	--	853,813
Less accumulated depreciation for:				
Machinery and Equipment	48,122	42,691	--	90,813
Building	42,691	31,044	--	73,735
Total capital assets, net	<u>\$ 1,026,923</u>	<u>\$ (73,735)</u>	<u>\$ --</u>	<u>\$ 953,188</u>

Depreciation/Amortization expense was charged to functions as follows:

Business-Type Activities:	
Food service	<u>\$ 73,735</u>

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

8. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	<u>6/30/2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences	\$ 52,846	\$ 13,212	\$ 759	\$ 65,299	\$ 938
OPEB	87,911	9,100	14,176	82,835	--
Lease Liability	21,258	--	4,743	16,515	4,839
Total Long-Term Liabilities	<u>\$ 162,015</u>	<u>\$ 22,312</u>	<u>\$ 19,678</u>	<u>\$ 164,649</u>	<u>\$ 5,777</u>

Compensated absences for governmental activities typically have been liquidated from the General Fund and Special Education Fund.

Debt payable at June 30, 2023 is comprised of the following:

Centerville School District No. 60-1, Copier Lease Agreement	During 2022, the School District entered into an agreement to lease copiers in the amount of \$24,369. There is an imputed interest rate of 2% assessed on this lease. Final payment is October 2026. The Capital Outlay Fund makes payment on this debt.	\$ 16,515
--	---	-----------

Compensated Absences –

Payable from the fund to which payroll expenditures are charged	\$ 65,299
---	-----------

Other Post Employment Benefits –

Payable from the fund to which payroll expenditures are charged	\$ 82,835
---	-----------

The annual debt service requirements to maturity, except for compensated absences, for all debt outstanding as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Lease Liability</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,839	\$ 286
2025	4,938	191
2026	5,037	89
2027	1,701	7
Totals	<u>\$ 16,515</u>	<u>\$ 573</u>

Centerville School District No. 60-1
Notes to the Financial Statements
June 30, 2023

9. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2023 was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 653,135
Special Education	Law	435,648
Library Purposes	Law	20,362
SDRS Pension Purposes	Law	268,624
Total		\$ 1,377,769

10. Pension Plan:

Plan Information:

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

Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public 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.

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

10. 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:
 - o The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - o The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, and the fair value of assets will be greater or equal to the accrued liabilities.

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. The School District’s share of contributions to the SDRS for the fiscal years ended June 30, 2023, 2022, and 2021 , equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 99,402
2022	97,839
2021	97,272

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

10. Pension Plan: (Continued)

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

At June 30, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the School District as of this measurement period ending June 30, 2022 and reported by the School District as of June 30, 2023 are as follows:

Proportionate share of pension liability	\$ 9,640,239
Less proportionate share of net pension restricted for pension	<u>9,646,693</u>
Proportionate share of net pension (asset)	<u><u>\$ (6,454)</u></u>

At June 30, 2023, the School District reported an asset of (\$6,454) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and the total pension liability used to calculate the net pension asset was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the School District's proportion was 0.06829000% which is a decrease of -0.0031500% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized a reduction of pension expense of (\$33,127). At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 122,854	\$ 419
Changes in assumption	410,186	359,473
Net difference between projected and actual earnings on pension plan investments	--	15,466
Changes in proportion and difference between district contributions and proportionate share of contributions	5,335	249
District contributions subsequent to the measurement date	<u>99,402</u>	<u>--</u>
Total	<u><u>\$ 637,777</u></u>	<u><u>\$ 375,607</u></u>

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

10. Pension Plan: (Continued)

\$99,402 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:

Year Ended	
June 30,	
2024	\$ 44,004
2025	91,177
2026	(100,821)
2027	128,408
Total	<u>\$ 162,768</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, 7.66% at entry to 3.15% after 25 years of service
Discount	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLAs	2.10%

Mortality Rates:

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

Active and Terminated Vested members:

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

Retired Members:

- Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
- Other Class A Retirees: PubG-2010, 93% of 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.

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

10. Pension Plan: (Continued)

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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, 2022 (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>
Global equity	58.0%	3.7%
Fixed income	30.0%	1.1%
Real estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	<u>100.0%</u>	<u>2.7%</u>

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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).

Centerville School District No. 60-1
Notes to the Financial Statements
June 30, 2023

10. Pension Plan: (Continued)

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

The following presents the School District’s proportionate share of net pension asset using the discount rate of 6.50%, as well as what the School District’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)	\$ 1,340,079	\$ (6,454)	\$ (1,106,927)

Pension Plan Fiduciary Net Position:

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

Payables to the Pension Plan:

No payables were reported to the defined benefit plan at end of year.

11. Postemployment Medical Plan:

Plan Description: Centerville School District has a pooled defined benefit medical plan administered by either Sanford Health of South Dakota or DakotaCare. This plan provides medical insurance benefits to eligible current employees as well as retirees meeting eligibility requirements. 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 Centerville School District, PO Box 100, Centerville, SD 57014 or by calling 605-563-2291.

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, 2022, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	0
Active employees	38
	38

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

11. 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, 2022, Actuarial Valuation Report. See Note 9 – Pension Note.

Changes in the Total OPEB Liability:

Beginning of Year Balances	\$ 87,911
Service Cost	7,121
Interest	1,979
Effect on assumptions, changes or inputs	(7,293)
Benefit payments	<u>(6,883)</u>
End of Year Balances	<u><u>\$ 82,835</u></u>

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

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate of 3.75%

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 88,062	\$ 82,835	\$ 77,927

For the year ended June 30, 2023, the School District recognized OPEB expense of \$24,056. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 8,740	\$ (9,794)
Changes in assumptions	<u>5,756</u>	<u>(160,565)</u>
Total	<u><u>\$ 14,496</u></u>	<u><u>\$ (170,359)</u></u>

Centerville School District No. 60-1
Notes to the Financial Statements
June 30, 2023

11. Postemployment Medical Plan: (Continued)

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

Year Ended	
June 30,	
2024	\$ (33,156)
2025	(33,156)
2026	(32,519)
2027	(31,170)
2028	(13,287)
Thereafter	<u>(12,575)</u>
Total	<u>\$ (155,863)</u>

12. Risk Management:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2023, the School District managed its risks as follows:

Employee health Insurance:

The School District joined the Northern Plains Insurance Pool. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The school district pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage from either Sanford Health Plan or DakotaCare Administrative Services with the Premiums it received from the members.

The coverage includes the option of three different plans with a deductible from \$750.00 to \$2,500.00.

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

Liability Insurance:

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

Centerville School District No. 60-1

Notes to the Financial Statements

June 30, 2023

12. Risk Management: (Continued)

Worker's 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 during the past three years.

Unemployment Benefits:

The School District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

During the year ended June 30, 2023, no claims for unemployment benefits were paid. At June 30, 2023, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

13. Significant Contingencies – Litigation:

At June 30, 2023, the School District was not involved in any litigation.

14. Related Party Transactions:

The School District currently has a board member who is the owner of Knudson Masonry for which the sum of \$70,102 was paid for services during the fiscal year 2023. This contract falls within the provisions of SDCL 6-1-2.

The School District currently has a board member who is the owner of Tough as Nails for which the sum of \$88,009 was paid for services during the fiscal year 2023. This contract falls within the provisions of SDCL 6-1-2.

Required Supplementary Information

Centerville School District No. 60-1

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 591,432	\$ 591,432	\$ 650,231	\$ 58,799
Prior years' ad valorem taxes	5,000	5,000	3,493	(1,507)
Utility taxes	30,000	30,000	61,135	31,135
Penalties and interest on taxes	2,000	2,000	1,382	(618)
Tuitions and Fees:				
Regular Day School Tuition				
Regular Day School Transportation Fees				
Earnings on investments and deposits	7,000	7,000	24,093	17,093
Cocurricular Activities:				
Admissions	12,000	12,000	14,756	2,756
Rentals			544	544
Other student activity income	500	500	900	400
Other Revenue from Local Sources:				
Contributions and donations	3,000	3,000	2,687	(313)
Charges for services	5,000	5,000	8,169	3,169
Other	12,000	12,000	36,392	24,392
Revenue from Intermediate Sources:				
County sources:				
County apportionment	13,000	13,000	16,156	3,156
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,561,983	1,561,983	1,546,391	(15,592)
Restricted grants-in-aid	--	--	2,500	2,500
Other state revenues	--	--	1,500	1,500
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received directly from federal government	15,000	15,000	18,851	3,851
Restricted grants-in-aid received from federal government through the state	75,763	75,763	76,394	631
Total Revenues	\$ 2,333,678	\$ 2,333,678	\$ 2,465,574	\$ 131,896

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

Centerville School District No. 60-1

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2023 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular programs				
Elementary	\$ 500,600	\$ 500,600	\$ 485,374	\$ 15,226
Middle/junior high	330,600	330,600	317,821	12,779
High school	403,600	403,600	386,239	17,361
Preschool	51,111	51,111	50,874	237
Special programs:				
Culturally Different				
Educationally Deprived	45,409	45,409	45,027	382
Support Services:				
Students:				
Guidance	71,622	71,622	70,226	1,396
Health	60,530	60,530	60,424	106
Instructional Staff:				
Improvement of instruction	1,725	1,725	--	1,725
Educational media	50,564	50,564	46,342	4,222
General Administration:				
Board of education	41,050	41,050	32,432	8,618
Executive administration	138,000	138,000	133,657	4,343
School Administration:				
Office of the principal	160,400	160,400	159,795	605
Other	1,000	1,000	547	453
Business:				
Fiscal services	143,800	143,800	137,622	6,178
Operation and maintenance of plant	271,700	271,700	248,832	22,868
Student transportation	98,700	98,700	97,626	1,074
Transportation	6,900	6,900	6,838	62
Combined activities	153,455	153,455	148,697	4,758
Contingencies:	350	350	--	350
Total Expenditures	<u>2,531,116</u>	<u>2,531,116</u>	<u>2,428,373</u>	<u>102,743</u>
Net Change in Fund Balances	(197,438)	(197,438)	37,201	234,639
Fund Balance, Beginning of Year	<u>774,326</u>	<u>774,326</u>	<u>774,326</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 576,888</u>	<u>\$ 576,888</u>	<u>\$ 811,527</u>	<u>\$ 234,639</u>

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

Centerville School District No. 60-1

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 600,000	\$ 600,000	\$ 582,261	\$ (17,739)
Prior years' ad valorem taxes	1,200	1,200	1,742	542
Penalties and interest on taxes	1,200	1,200	1,074	(126)
Earnings on investments & deposits	--	--	10,930	10,930
Other Revenue from Local Sources:				
Contributions and donations	130,000	130,000	47,125	(82,875)
Other	--	--	137,502	137,502
Total Revenues	<u>732,400</u>	<u>732,400</u>	<u>780,634</u>	<u>48,234</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	5,950	5,950	5,902	48
Middle/junior high	3,800	3,800	3,748	52
High school	57,960	57,960	57,872	88
Support Services:				
Instructional Staff:				
Educational media	3,000	3,000	2,380	620
General Administration				
Business:				
Facilities acquisition and construction	459,000	459,000	458,507	493
Operation and maintenance of plant	213,573	213,573	117,492	96,081
Debt Services:	5,127	5,127	5,126	1
Cocurricular Activities:				
Combined activities	61,100	61,100	55,482	5,618
Total Expenditures	<u>809,510</u>	<u>809,510</u>	<u>706,509</u>	<u>103,001</u>
Net Change in Fund Balances	(77,110)	(77,110)	74,125	151,235
Fund Balance, Beginning of Year	<u>578,633</u>	<u>578,633</u>	<u>578,633</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 501,523</u>	<u>\$ 501,523</u>	<u>\$ 652,758</u>	<u>\$ 151,235</u>

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

Centerville School District No. 60-1
 Required Supplementary Information – Budgetary Comparison
 Schedule – Special Education Fund – Budgetary Basis
 June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 430,000	\$ 430,000	\$ 489,587	\$ 59,587
Prior years' ad valorem taxes	1,500	1,500	1,502	2
Penalties and interest on taxes	800	800	1,020	220
Earnings on investments & deposits	--	--	9,981	9,981
Other Revenue from Local Sources:				
Charges for services	24,000	24,000	24,594	594
Revenue from Federal Sources:				
Restricted grants-in-aid received from federal government through the state	<u>77,057</u>	<u>77,057</u>	<u>77,057</u>	<u>--</u>
Total Revenues	<u>533,357</u>	<u>533,357</u>	<u>603,741</u>	<u>70,384</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for Special Education	479,220	479,220	441,477	37,743
Support Services:				
Students:				
Health	7,000	7,000	--	7,000
Psychological	9,000	9,000	4,374	4,626
Speech Pathology	75,300	75,300	70,922	4,378
Student therapy services	60,500	60,500	52,848	7,652
Special Education:				
Administrative costs	<u>13,200</u>	<u>13,200</u>	<u>13,175</u>	<u>25</u>
Total Expenditures	<u>644,220</u>	<u>644,220</u>	<u>582,796</u>	<u>61,424</u>
Net Change in Fund Balance	(110,863)	(110,863)	20,945	131,808
Fund Balance, Beginning of Year	<u>414,370</u>	<u>414,370</u>	<u>414,370</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 303,507</u>	<u>\$ 303,507</u>	<u>\$ 435,315</u>	<u>\$ 131,808</u>

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

Centerville School District No. 60-1
Notes to the Required Supplementary Information
June 30, 2023

1. Budgets and Budgetary Accounting:

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

1. 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.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
6. 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 number 8.
7. 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.
8. 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.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
11. 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.

Centerville School District No. 60-1
Schedule of Changes in Total OPEB Liability
June 30, 2023

Changes in the Total OPEB Liability

Service Cost	\$ 7,121
Interest on Total OPEB Liability	1,979
Effect of assumption changes or inputs	(7,293)
Benefit payments	<u>(6,883)</u>
Net change in total OPEB liability	(5,076)
Total OPEB liability, beginning	<u>87,911</u>
Total OPEB liability, ending	<u><u>\$ 82,835</u></u>

Centerville School District No. 60-1

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

	<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)	0.0682900%	0.0714400%	0.0714400%	0.0724076%	0.0719113%	0.0688062%	0.0502068%	0.0524981%	0.5118710%
District's proportionate share of net pension liability (asset)	\$ (6,454)	\$ (547,108)	\$ (3,103)	\$ (7,673)	\$ (1,677)	\$ (6,244)	\$ 169,594	\$ (222,659)	\$ (368,782)
District's covered-employee payroll	\$ 1,630,661	\$ 1,621,198	\$ 1,612,676	\$ 1,539,536	\$ 1,494,974	\$ 1,398,005	\$ 955,036	\$ 958,476	\$ 895,125
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.40%	33.75%	0.19%	0.50%	0.11%	0.45%	17.76%	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

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.

Centerville School District No. 60-1

Schedule of the School District Contributions South Dakota Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually-required contribution	\$ 99,402	\$ 97,839	\$ 97,272	\$ 96,761	\$ 92,372
Contributions in relation to the contractually-required contribution	<u>99,402</u>	<u>97,839</u>	<u>97,272</u>	<u>96,761</u>	<u>92,372</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 1,656,712	\$ 1,630,661	\$ 1,621,198	\$ 1,612,676	\$ 1,539,536
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 89,698	\$ 83,880	\$ 57,278	\$ 57,508	\$ 53,707
Contributions in relation to the contractually-required contribution	<u>89,698</u>	<u>83,880</u>	<u>57,278</u>	<u>57,508</u>	<u>53,707</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 1,494,974	\$ 1,398,005	\$ 955,036	\$ 958,476	\$ 895,125
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%

Centerville School District No. 60-1

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2023

Changes from Prior Valuation

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

Benefit Provision Changes

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public safety Members.

Actuarial Assumption Changes

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2021 and presented to the SDRS Board of Trustees in April and June, 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) 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, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

Centerville School District No. 60-1

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2023 (Continued)

Actuarial Assumption Changes

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

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 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.