

GAYVILLE-VOLIN SCHOOL DISTRICT NO. 63-1

GAYVILLE, SOUTH DAKOTA

FINANCIAL REPORT

FOR THE ONE YEAR ENDING JUNE 30, 2022

WITH INDEPENDENT AUDITOR'S REPORTS

**INDEPENDENT AUDIT SERVICES, P.C.**

---

Benjamin Elliott, CPA  
P.O. Box 262  
Madison, South Dakota 57042

GAYVILLE-VOLIN SCHOOL DISTRICT NO. 63-1  
GAYVILLE, SOUTH DAKOTA

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FOR THE ONE YEAR ENDING JUNE 30, 2022

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NOTE: All figures shown in this financial report are in U.S. dollars.  
For space considerations, the "\$" symbol is not used.

# INDEPENDENT AUDIT SERVICES, PC

Benjamin Elliott, CPA  
P.O. Box 262,  
Madison, South Dakota 57042  
605.270.3020

School Board  
Gayville-Volin School District No. 63-1  
Gayville, South Dakota

## INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinions:

I have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Gayville-Volin School District No. 63-1 (School District), Gayville, South Dakota as of June 30, 2022, and for the year 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 my 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 remaining fund information of the Gayville-Volin School District No. 63-1 as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions:

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

### Management's Responsibilities for the Financial Statements:

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

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

Auditor's Responsibility for the Audit of the Financial Statements:

My 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 my 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 generally accepted auditing standards (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 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*, I:

- > 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 my 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.

I am 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 I identified during the audit.

Required Supplementary Information (no opinion):

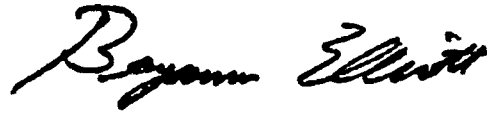
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (page 4 to 13), the Budgetary Comparison Schedules (page 43 to 46), and the School District's Pension Schedules (page 47 to 48) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards:

In accordance with *Government Auditing Standards*, I have also issued my report dated September 5, 2023 (page 49) on my consideration of the School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota

September 5, 2023

A handwritten signature in black ink that reads "Benjamin Elliott". The signature is written in a cursive, flowing style.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Gayville-Volin School District 63-1's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended on June 30, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

During the year, the Gayville-Volin School District generated revenue of \$3,941,517 from taxes and other revenue sources of the governmental fund activities and had a total expense of \$3,432,374 of the governmental fund activities resulting in a net increase of \$509,143. There was a total of \$356,439 of revenue generated in the business-type funds along with \$286,939 of expense of the business-type fund activities. There was a net increase of \$69,500 between the Food Service fund and the Enterprise fund resulting in a total net position of \$290,017.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Figure A-1

Required Components of  
Gayville-Volin School's Annual Financial Report

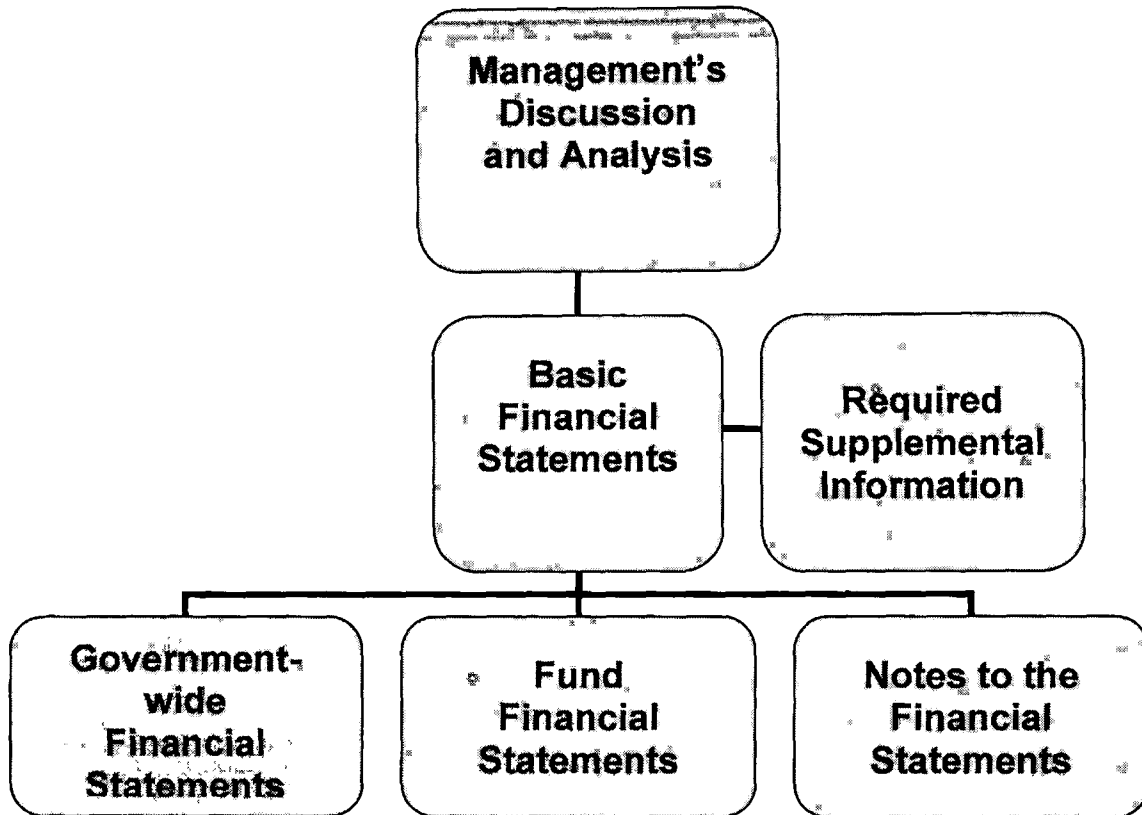


Figure A-2 summarizes the major features of the School's financial statements, including the portion of the School government covered and the types of information contained. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-2

Major Features of Gayville-Volin School's Government-wide and Fund Financial Statements

	Government-wide	Fund Statements		
	Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Net Position *Statement of Changes in Net Position

Accounting Method	Assets Accounting and Economic Resources Focus	Modified Accrual Accounting and Current Financial Resources Focus	Accrual Accounting and Economic Resources Focus	Cost Accounting and Financial Resources Focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Revenue/Expense Information	All revenues and expenses during year regardless of when cash is received or paid	Revenues and expenses reported during the year regardless of when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year regardless of when cash is received or paid	All revenues and expenses during year regardless of when cash is received or paid

## Government-wide Statements

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

The two government-wide statements report the Gayville-Volin School's Net Position and how they have changed. Net Position – the difference between the School's assets and liabilities – is one way to measure the School's financial health or position.

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

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

- **Governmental Activities** - This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, drama, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The school charges a fee to students to help cover the costs of providing hot lunch services to all students. The school also charges a fee to the students to help cover some of the cost of the driving portion of Driver's Ed and tuition is charged at the Raider Academy Childcare Center.



## Fund Financial Statements

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

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

The Gayville-Volin School has three kinds of funds:

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

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
 FINANCIAL ANALYSIS OF THE GAYVILLE-VOLIN SCHOOL DISTRICT AS A WHOLE  
 AS OF JUNE 30, 2022

Net Position:

The Gayville-Volin School's combined Net Position increased as follows:

Table A-1  
 Gayville-Volin School District No. 63-1  
 Statement of Net Position

	Primary Government					
	Governmental Activities		Business-Type Activities		Totals	
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022
Current and other assets	4,493,914	4,666,316	71,943	186,743	4,565,857	4,853,059
Capital assets	5,928,535	5,803,194	149,988	144,031	6,078,523	5,947,225
<b>Total assets</b>	<b>10,422,449</b>	<b>10,469,510</b>	<b>221,931</b>	<b>330,774</b>	<b>10,644,380</b>	<b>10,800,284</b>
Pension related deferred outflows	505,179	775,873	39,252	59,214	544,431	835,087
<b>Total deferred outflow of resources</b>	<b>505,179</b>	<b>775,873</b>	<b>39,252</b>	<b>59,214</b>	<b>544,431</b>	<b>835,087</b>
Long-term debt outstanding	2,346,666	2,139,841			2,346,666	2,139,841
Other liabilities	599,249	530,911	8,805	17,276	608,054	548,187
<b>Total liabilities</b>	<b>2,945,915</b>	<b>2,670,752</b>	<b>8,805</b>	<b>17,276</b>	<b>2,954,720</b>	<b>2,688,028</b>
Pension related deferred inflows	410,046	1,083,660	31,861	82,695	441,907	1,166,355
Taxes levied for a future period	1,100,284	512,346			1,100,284	512,346
Grants received for a future period	200,722	.			200,722	0
<b>Total deferred inflow of resources</b>	<b>1,711,052</b>	<b>1,596,006</b>	<b>31,861</b>	<b>82,695</b>	<b>1,742,913</b>	<b>1,678,701</b>
<b>NET POSITION</b>						
Net investment in capital assets	3,442,702	3,456,832	149,988	144,031	3,592,690	3,600,863
Restricted	2,012,459	2,798,602	7,634	19,323	2,020,093	2,817,925
Unrestricted	815,500	723,191	62,895	126,663	878,395	849,854
<b>Total net position</b>	<b>6,270,661</b>	<b>6,978,625</b>	<b>220,517</b>	<b>290,017</b>	<b>6,491,178</b>	<b>7,268,642</b>
Increase (Decrease) in Net Position	152,933	707,964	-15,269	69,500	137,664	777,464
Beginning Net Position, adjusted	6,117,728	6,270,661	235,786	220,517	6,353,514	6,491,178
Ending Net Position	6,270,661	6,978,625	220,517	290,017	6,491,178	7,268,642
Percentage of Increase (Decrease) in Net Position	2.50%	11.29%	-6.48%	31.52%	2.17%	11.98%

The Statement of Net Position reports all financial and capital resources. The statement presents the asset and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components - the amount due within one year and the amount due in more than one year. The long-term liabilities of the school, consisting of compensated absences payable, early retiree benefits payable and capital outlay certificates payable have been reported in this manner on the Statement of Net Position. The difference between the school's assets and liabilities is its Net Position.

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
 FINANCIAL ANALYSIS OF THE GAYVILLE-VOLIN SCHOOL DISTRICT AS A WHOLE  
 AS OF JUNE 30, 2022

Change Net Position:

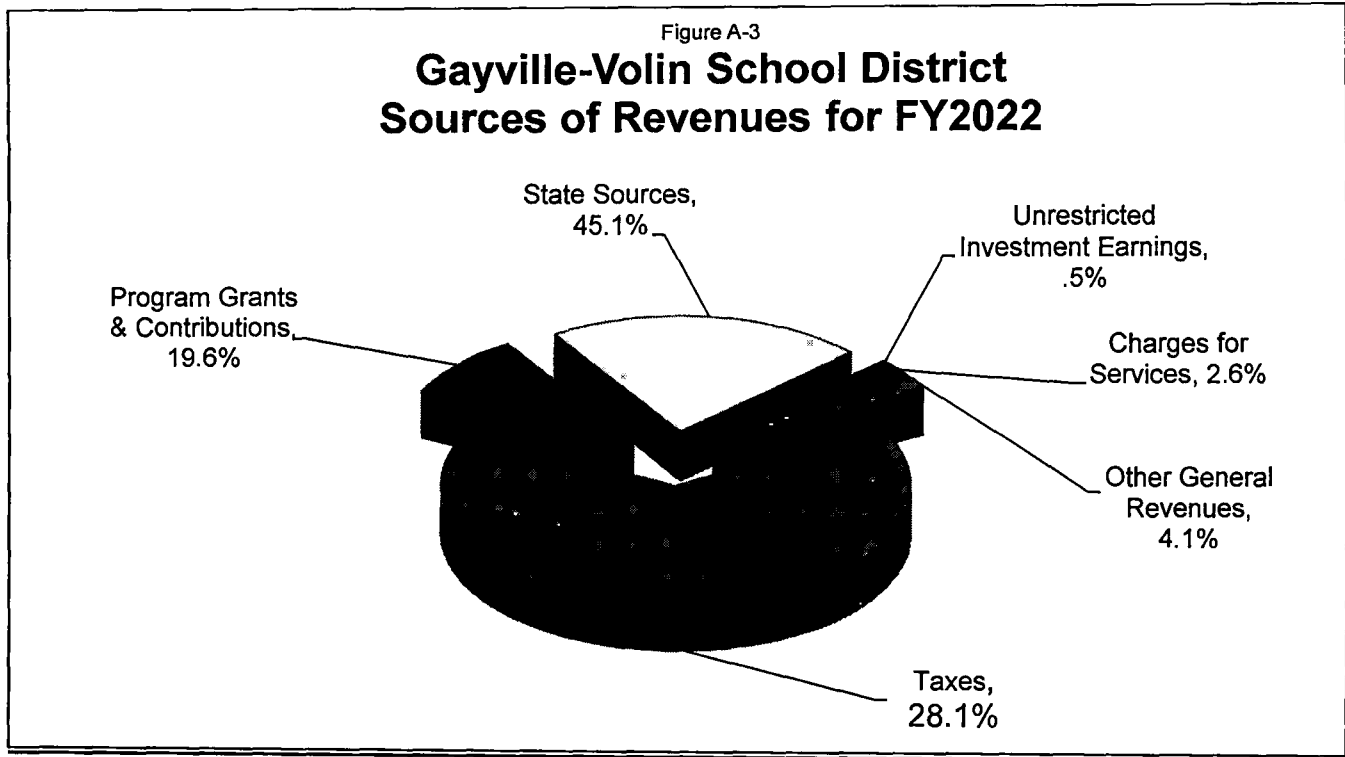
This section will show the financial comparison of revenues and expenses and provide explanations for significant differences.

Table A-2  
 Gayville-Volin School District No. 63-1  
 Changes in Net Position

	Primary Government					
	Governmental Activities		Business-Type Activities		Totals	
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022
<b>Revenues</b>						
Program revenues						
Charges for services	29,725	35,279	80,896	79,641	110,621	114,920
Operating grants and contributions	285,002	573,864	138,644	273,749	423,646	847,613
General revenues					0	0
Taxes	1,182,389	1,250,337			1,182,389	1,250,337
State sources	1,910,253	1,950,038			1,910,253	1,950,038
Other sources	24,613	137,299		3,057	24,613	140,356
Investment earnings	29,762	23,248	289	131	30,051	23,379
<b>Total revenues</b>	<b>3,461,744</b>	<b>3,970,065</b>	<b>219,829</b>	<b>356,578</b>	<b>3,681,573</b>	<b>4,326,643</b>
<b>Expenses</b>						
Instruction	1,853,176	1,824,241			1,853,176	1,824,241
Support services	1,182,302	1,198,216			1,182,302	1,198,216
Debt services	90,325	33,965			90,325	33,965
Co-curricular activities	183,008	205,679			183,008	205,679
Food service			151,915	202,886	151,915	202,886
Enterprise			83,183	84,192	83,183	84,192
<b>Total expenses</b>	<b>3,308,811</b>	<b>3,262,101</b>	<b>235,098</b>	<b>287,078</b>	<b>3,543,909</b>	<b>3,549,179</b>
<b>Excess (Deficiency) before special items and transfers</b>	<b>152,933</b>	<b>707,964</b>	<b>-15,269</b>	<b>69,500</b>	<b>137,664</b>	<b>777,464</b>
<b>Increase (Decrease) in Net Position</b>	<b>152,933</b>	<b>707,964</b>	<b>-15,269</b>	<b>69,500</b>	<b>137,664</b>	<b>777,464</b>

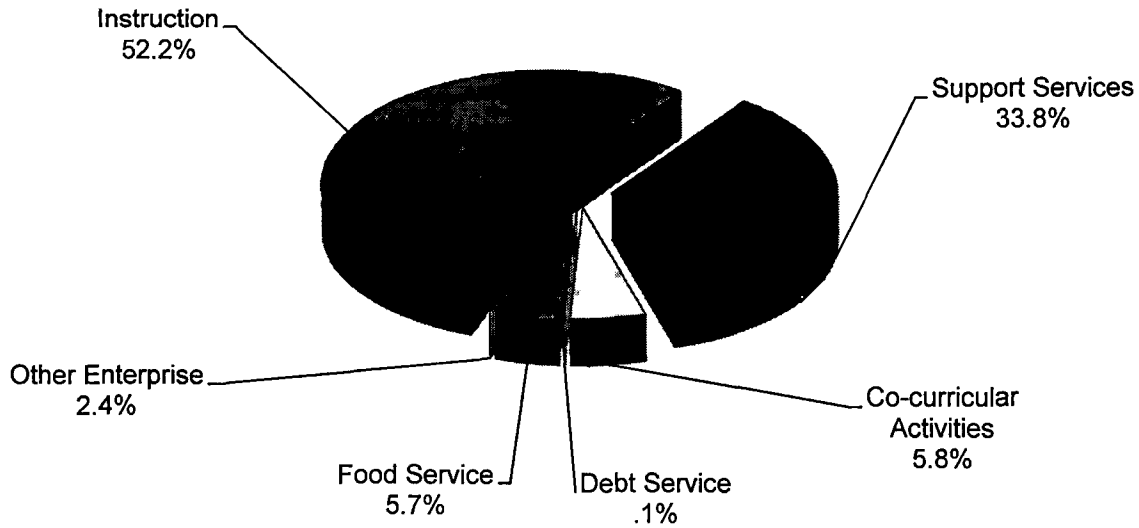
## GOVERNMENTAL ACTIVITIES

The Gayville-Volin School's total revenues (excluding special items) totaled \$4,326,643. (See Table A-2.) Approximately 28% of the School's revenue comes from property and other taxes, with another 45% of the School's revenue coming from State Aid. (See Figure A-3)



The Gayville-Volin School's total expenses were \$3,549,179. See Table A-2) Here is the breakdown of the expenses. The Gayville-Volin School's expenses cover a range of services, encompassing instruction at 52.2% and support services at 33.8%. Food Service, Enterprise, Co-curricular and Debt Service make up the other 14%. (See Figure a-4)

Figure A-4  
**Gayville-Volin School District  
 Functional Expenses for FY2022**



**BUSINESS-TYPE ACTIVITIES**

The School District provides food service including breakfast and lunch in both the Elementary School and the Junior/Senior High Schools. The School district also has an Enterprise Fund.

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

The General Fund had a decrease of \$100,696 in its fund balance for fiscal year 2022. The ending fund balance for General Fund was \$717,484. The Capital Outlay Fund Balance increased by \$541,756 with an ending fund balance of \$2,066,283. The Special Education Fund increased by \$34,503 with an ending fund balance of \$132,657.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the Gayville-Volin School Board revised the School budget. These amendments could fall into one of the following categories:

- Contingency transfers approved for unanticipated, yet necessary expenses to provide for items necessary for the education program of this district.
- Grants that became available or changed in amount.

**CAPITAL ASSET ADMINISTRATION**

By the end of fiscal year 2022, the School's Governmental Capital Assets increased \$238,511 due to recording of the copier/printer lease and a baseball field construction in progress. The Business Type Assets increased by \$4,135 – food service equipment. (See Table A-3)

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
 FINANCIAL ANALYSIS OF THE GAYVILLE-VOLIN SCHOOL DISTRICT AS A WHOLE  
 AS OF JUNE 30, 2022

Table A-3  
 Gayville-Volin School District No. 63-1  
 Capital Assets

	Primary Government					
	Governmental Activities		Increase	Business-Type Activities		Increase
	FY2021	FY2022	(Decrease)	FY2021	FY2022	(Decrease)
Land	58,118	58,118	0	9,000	9,000	0
Construction-in-progress		64,491	64,491			0
Buildings	7,163,094	7,163,094	0	97,196	97,196	0
Improvements other than buildings	703,455	729,654	26,199			0
Machinery and equipment	1,110,801	1,127,628	16,827	131,732	135,867	4,135
Library books	66,462	67,401	939			0
Copier/printer leases		130,055	130,055			0
Total capital assets	9,101,930	9,340,441	238,511	237,928	242,063	4,135
Accumulated depreciation	-3,173,395	-3,537,247	-363,852	-87,940	-98,032	-10,092
Net capital assets	5,928,535	5,803,194	-125,341	149,988	144,031	-5,957

Long-term Debt

At year-end the Gayville-Volin School had \$116,666 in Capital Outlay Certificates, \$2,200,000 in General Obligation bonds and \$371,362 in other long-term obligations. This is a decrease of 9.34% in governmental Activities and an increase of 96.21% in business-type activities. See Table A-4 below.

Table A-4  
 Gayville-Volin School District No. 63-1  
 Outstanding Debt and Obligations

	Primary Government					
	Governmental Activities		Percent	Business-Type Activities		Percent
	FY2021	FY2022	Increase (Decrease)	FY2021	FY2022	Increase (Decrease)
General Obligation Refunding bonds	2,340,000	2,200,000	-5.98%			
Capital Outlay Certificates	145,833	116,666	-20.00%			
Financing/acquisition lease		29,696	100.00%			
Compensated absences	6,000	6,750	12.50%			
Other obligations	454,082	317,640	-30.05%	8,805	17,276	96.21%
Total outstanding debt and obligatic	2,945,915	2,670,752	-9.34%	8,805	17,276	96.21%

The Gayville-Volin School is liable for the accrued vacation leave payable to the 12-month employees (the business manager, and full-time custodians).

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

One of the primary sources of revenue to the School is calculated on our number of students based on the state aid fall enrollment count divided by the target student/certified staff FTE ratio. That number, plus our overhead costs is our need for the 2022-23 school year. That will be provided to the school in taxes and state aid. We will base our next year's budgets on the tax valuation and state aid.

### **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and students' families with a general overview of the Gayville-Volin School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Alice Hight, Business Manager, Gayville-Volin School District 63-1, 100 Kingsbury Street, PO Box 158, Gayville, South Dakota 57031.

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2022

	Primary Government		Total
	Governmental Activities	Business- Type Activities	
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	1,485,660	131,092	1,616,752
Certificates of deposit	1,978,349		1,978,349
Advanced to trust & agency imprest	6,000		6,000
<b>Receivables:</b>			
Property taxes - current	512,346		512,346
Property taxes - delinquent	39,012		39,012
Due from other governments	69,501	329	69,830
Accounts	8,388	18	8,406
Inventory	6,138	12,500	18,638
<b>Total current assets</b>	<b>4,105,394</b>	<b>143,939</b>	<b>4,249,333</b>
<b>Capital assets:</b>			
Land	58,118	9,000	67,118
Buildings	7,163,094	97,196	7,260,290
Improvements	729,654		729,654
Equipment	1,127,628	135,867	1,263,495
Library books	67,401		67,401
Intangible copier/printer lease	130,055		130,055
Construction-in-progress	64,491		64,491
Accumulated depreciation/amortization	-3,537,247	-98,032	-3,635,279
<b>Total capital assets</b>	<b>5,803,194</b>	<b>144,031</b>	<b>5,947,225</b>
<b>Other assets:</b>			
Net pension assets	560,922	42,804	603,726
<b>Total assets</b>	<b>10,469,510</b>	<b>330,774</b>	<b>10,800,284</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension related deferred outflows	775,873	59,214	835,087
<b>Total deferred outflow of resources</b>	<b>775,873</b>	<b>59,214</b>	<b>835,087</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	51,986	1,424	53,410
Contracts payable	210,068	2,633	212,701
Payroll deductions payable	55,586	313	55,899
Revenue received in advance		12,906	12,906
<b>Noncurrent liabilities due in one year:</b>			
2013 Capital Outlay certificates	29,167		29,167
2021 GO Refunding bonds	150,000		150,000
Copier/printer lease	27,354		27,354
Accrued leave	6,750		6,750
<b>Total current liabilities</b>	<b>530,911</b>	<b>17,276</b>	<b>548,187</b>
<b>Noncurrent liabilities:</b>			
2013 Capital Outlay certificates	87,499		87,499
2021 GO Refunding bonds	2,050,000		2,050,000
Copier/printer lease	2,342		2,342
<b>Total noncurrent liabilities</b>	<b>2,139,841</b>	<b>0</b>	<b>2,139,841</b>
<b>Total liabilities</b>	<b>2,670,752</b>	<b>17,276</b>	<b>2,688,028</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Taxes levied for a future period	512,346		512,346
Pension related deferred inflows	1,083,660	82,695	1,166,355
<b>Total deferred inflow of resources</b>	<b>1,596,006</b>	<b>82,695</b>	<b>1,678,701</b>
<b>NET POSITION</b>			
Net invested in capital assets	3,456,832	144,031	3,600,863
<b>Restricted for:</b>			
Capital outlay	2,078,658		2,078,658
Special education	139,260		139,260
Debt service	327,549		327,549
SDRS pension purposes	253,135	19,323	272,458
Unrestricted	723,191	126,663	849,854
<b>Total net position</b>	<b>6,978,625</b>	<b>290,017</b>	<b>7,268,642</b>

See accompanying notes.



STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING JUNE 30, 2022

Functions/Programs:	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Primary government:</b>							
<i>Governmental activities:</i>							
Instruction	1,824,241		559,347		-1,264,894		-1,264,894
Support services	1,198,216	12,887	14,517		-1,170,812		-1,170,812
Cocurricular activities	205,679	22,392			-183,287		-183,287
Interest and fees on debt (all)	33,965				-33,965		-33,965
<b>Total governmental activities</b>	<b>3,262,101</b>	<b>35,279</b>	<b>573,864</b>	<b>0</b>	<b>-2,652,958</b>	<b>0</b>	<b>-2,652,958</b>
<i>Business-type activities:</i>							
Food service	202,886	17,528	214,791			29,433	29,433
Child care	84,192	62,113	58,958			36,879	36,879
<b>Total primary government</b>	<b>3,549,179</b>	<b>114,920</b>	<b>847,613</b>	<b>0</b>	<b>-2,652,958</b>	<b>66,312</b>	<b>-2,586,646</b>
<b>General revenue:</b>							
Property taxes					1,215,297		1,215,297
Gross receipts tax					35,040		35,040
<i>Revenue from state sources:</i>							
State aid					1,903,275		1,903,275
Other					46,763		46,763
Interest earnings					23,248	131	23,379
Fines					17,385		17,385
Donations					109,174		109,174
Other general revenues					12,339		12,339
Compensation for damaged property					1,458		1,458
Transfers					-3,057	3,057	0
<b>Total general revenue and transfers</b>					<b>3,360,922</b>	<b>3,188</b>	<b>3,364,110</b>
<b>Change in net position</b>					<b>707,964</b>	<b>69,500</b>	<b>777,464</b>
<b>Net position, July 1, 2021</b>					<b>6,270,661</b>	<b>220,517</b>	<b>6,491,178</b>
<b>Net position, June 30, 2022</b>					<b>6,978,625</b>	<b>290,017</b>	<b>7,268,642</b>

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
BALANCE SHEET -- GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	435,841	649,527	180,066	220,226	1,485,660
Certificates of deposit	436,125	1,442,478		99,746	1,978,349
Advanced to T&A imprest	6,000				6,000
Receivables:					
Property taxes - current	131,208	188,838	105,120	87,180	512,346
Property taxes - delinquent	12,457	12,375	6,603	7,577	39,012
Due from other governments	54,751	115	14,635		69,501
Accounts	8,388				8,388
Inventory of supplies	6,138				6,138
<b>Total assets</b>	<b>1,090,908</b>	<b>2,293,333</b>	<b>306,424</b>	<b>414,729</b>	<b>4,105,394</b>
<b>LIABILITIES</b>					
Accounts payable	26,077	25,837	72		51,986
Contracts payable	158,759		51,309		210,068
Payroll deductions payable	44,923		10,663		55,586
<b>Total liabilities</b>	<b>229,759</b>	<b>25,837</b>	<b>62,044</b>	<b>0</b>	<b>317,640</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Taxes levied for a future period	131,208	188,838	105,120	87,180	512,346
Unavailable revenue:					
Property taxes - delinquent	12,457	12,375	6,603	7,577	39,012
<b>Total deferred inflow of resources</b>	<b>143,665</b>	<b>201,213</b>	<b>111,723</b>	<b>94,757</b>	<b>551,358</b>
<b>FUND BALANCE</b>					
Nonspendable	12,138				12,138
Restricted		2,066,283	132,657	319,972	2,518,912
Committed					0
Assigned					0
Unassigned	705,346				705,346
<b>Total fund balance</b>	<b>717,484</b>	<b>2,066,283</b>	<b>132,657</b>	<b>319,972</b>	<b>3,236,396</b>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<b>1,090,908</b>	<b>2,293,333</b>	<b>306,424</b>	<b>414,729</b>	<b>4,105,394</b>

Reconciliation of the above balance sheet - governmental funds to the government-wide statement of net position

Total fund balance - governmental funds (above) 3,236,396

Amounts reported in the government-wide statement of net position are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Therefore:  
Add the cost of capital assets 9,340,441  
Subtract the associated accumulated depreciation -3,537,247

These pension related amounts are not an available financial resource and therefore are not reported in the funds:  
Net pension assets 560,922  
Deferred outflow of resources 775,873  
Deferred inflow of resources -1,083,660

Long-term liabilities are not due and payable in the current period. Therefore, subtract the following long-term liabilities  
2013 Capital Outlay Certif (QZAB bonds) -116,666  
2018 Copier/printer lease -29,696  
2021 General Obligation Refunding Bonds -2,200,000  
Accrued leave -6,750

Assets such as taxes receivable (delinquent) are not available to pay of current period expenditures and therefore are deferred in the funds. 39,012

Total net position on government-wide statement of net position 6,978,625

See accompanying notes.

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDING JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Debt Service Fund	Total Governmental Funds
<b>Revenue:</b>					
<b>Revenue from local sources:</b>					
<b>Taxes:</b>					
Ad valorem taxes	299,661	430,148	244,358	200,730	1,174,897
Prior year ad valorem taxes	3,198	2,645	1,520	1,281	8,644
Gross receipts	35,040				35,040
Penalties and interest	632	475	268	233	1,608
Interest earned	8,000	14,256	236	756	23,248
<b>Cocurricular activities:</b>					
Admissions	22,392				22,392
<b>Other revenue from local sources:</b>					
Donations	2,300	106,874			109,174
Medicaid	6,702		5,145		11,847
Other	6,880	6,500			13,380
<b>Total revenue from local sources</b>	<b>384,805</b>	<b>560,898</b>	<b>251,527</b>	<b>203,000</b>	<b>1,400,230</b>
<b>Revenue from intermediate sources:</b>					
<b>County sources:</b>					
State fines apportionment	17,385				17,385
<b>Revenue from state sources:</b>					
Unrestricted grants-in-aid	1,732,746				1,732,746
Restricted grants-in-aid	2,000		215,292		217,292
<b>Revenue from federal sources:</b>					
Restricted grants-in-aid	209,191	271,202	93,471		573,864
<b>Total revenues</b>	<b>2,346,127</b>	<b>832,100</b>	<b>560,290</b>	<b>203,000</b>	<b>3,941,517</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
<b>Regular programs:</b>					
Elementary school	476,046	23,025			499,071
Middle school	184,652	5,231			189,883
High school	442,406	42,246			484,652
Preschool services	32,481				32,481
<b>Special programs:</b>					
Educ. deprived (Title I)	75,040				75,040
Programs for special educ.			411,889		411,889
<b>Total instruction</b>	<b>1,210,625</b>	<b>70,502</b>	<b>411,889</b>	<b>0</b>	<b>1,693,016</b>
<b>Support services:</b>					
<b>Pupils:</b>					
Guidance	131,615				131,615
Health	714				714
Special education			102,821		102,821
<b>Instruction:</b>					
Improvement of instruction	4,060				4,060
Educational media	2,369	500			2,869
Technology in school	18,814	2,394			21,208
<b>General administration:</b>					
Board of Education	31,606				31,606
Executive administration	208,269				208,269
<b>School administration:</b>					
Office of principal	186,331	387			186,718
Special education			11,077		11,077
<b>Business:</b>					
Fiscal services	88,834	281			89,115
Operations and maintenance	296,421	9,245			305,666
Pupil transportation	112,303	3,035			115,338
Purchased food	8,299				8,299
Criminal background check	43				43
Nonprogram charges		6,833			6,833
<b>Total support services</b>	<b>1,089,678</b>	<b>22,675</b>	<b>113,898</b>	<b>0</b>	<b>1,226,251</b>

(continued)

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
FOR THE YEAR ENDING JUNE 30, 2022 (continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Debt Service Fund	Total Governmental Funds
<b>Debt service:</b>					
Principal		55,189		110,000	165,189
Interest and fees		2,195		61,020	63,215
<b>Total debt service</b>	<b>0</b>	<b>57,384</b>	<b>0</b>	<b>171,020</b>	<b>228,404</b>
<b>Cocurricular activities:</b>					
Male activities	37,394	11,755			49,149
Female activities	30,227	5,387			35,614
Transportation	2,811				2,811
Combined activities	76,759	5,015			81,774
<b>Total cocurricular services</b>	<b>147,191</b>	<b>22,157</b>	<b>0</b>	<b>0</b>	<b>169,348</b>
<b>Capital outlay:</b>					
		115,355			115,355
<b>Total expenditures</b>	<b>2,447,494</b>	<b>288,073</b>	<b>525,787</b>	<b>171,020</b>	<b>3,432,374</b>
<b>Excess of revenues over (under) expenditures</b>	<b>-101,367</b>	<b>544,027</b>	<b>34,503</b>	<b>31,980</b>	<b>509,143</b>
<b>Other financing sources (uses):</b>					
Transfer in	671				671
Transfer (out)		-3,728			-3,728
Compensation for damaged property		1,457			1,457
<b>2021 General Obligation Refunding Bonds:</b>					
Face amount				2,200,000	2,200,000
Premium				122,015	122,015
Payment of 2016 General Obligation Bonds				-2,230,000	-2,230,000
Issue cost and fees				-89,985	-89,985
<b>Net change in fund balance</b>	<b>-100,696</b>	<b>541,756</b>	<b>34,503</b>	<b>34,010</b>	<b>509,573</b>
<b>Fund balance:</b>					
July 1, 2021	818,180	1,524,527	98,154	285,962	2,726,823
June 30, 2022	717,484	2,066,283	132,657	319,972	3,236,396

Reconciliation of the above statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities.

Net change in fund balances - total governmental funds (above) 509,573

Capital outlays are reported in governmental funds as expenditures. However in the government-wide statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. Therefore:

Add the cost of capital asset additions	124,056
Add the cost of capital lease addition	51,610
Subtract depreciation taken on all capital assets	-273,115
Subtract amortization taken on capital lease	-24,772
Subtract loss on disposition of capital assets	-3,120

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Therefore:

Subtract prior year delinquent taxes	-8,865
Add current year delinquent taxes	39,012

Expenses and reductions of expenses related to pensions do not provide current financial resources and, therefore, are not reported in the funds 154,864

Governmental funds do not reflect the change in "accrued leave", but the statement of activities reflects the change in "acrued leave" through expenditures. Therefore add the decrease in accrued leave -750

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Therefore:

<b>Add current year principal payments on:</b>	
2013 Capital Outlay Certificates	29,167
2016 General Obligation Bonds	2,340,000
2018 copier/printer lease	26,022
<b>Subtract current year proceeds:</b>	
2021 General Obligation Refunding Bonds	-2,200,000
2018 copier/printer lease proceeds	-55,718

Change in net position on government-wide statement of activities 707,964

See accompanying notes.

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
STATEMENT OF NET POSITION - ENTERPRISE FUNDS  
AS OF JUNE 30, 2022

	Food Service Fund	Day Care Fund	Total Enterprise Funds
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	83,876	47,216	131,092
Due from other governments		329	329
Accounts receivable	18		18
Inventory - supplies	1,303		1,303
Inventory - purchased goods	4,099		4,099
Inventory - commodities (donated)	7,098		7,098
<b>Capital assets:</b>			
Land		9,000	9,000
Building		97,196	97,196
Equipment	135,867		135,867
Accumulated depreciation	-68,873	-29,159	-98,032
Other assets: Net pension assets	25,175	17,629	42,804
<b>Total assets</b>	<b>188,563</b>	<b>142,211</b>	<b>330,774</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension related deferred outflows	34,825	24,389	59,214
<b>Total deferred outflow of resources</b>	<b>34,825</b>	<b>24,389</b>	<b>59,214</b>
<b>LIABILITIES</b>			
Accounts payable	937	487	1,424
Contracts payable		2,633	2,633
Payroll deductions payable		313	313
Revenue received in advance	12,906		12,906
<b>Total liabilities</b>	<b>13,843</b>	<b>3,433</b>	<b>17,276</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Pension related deferred inflows	48,637	34,058	82,695
<b>Total deferred inflow of resources</b>	<b>48,637</b>	<b>34,058</b>	<b>82,695</b>
<b>NET POSITION</b>			
Net invested in capital assets	66,994	77,037	144,031
Restricted - SDRS pension purposes	11,363	7,960	19,323
Unrestricted	82,551	44,112	126,663
<b>Total net position</b>	<b>160,908</b>	<b>129,109</b>	<b>290,017</b>

See accompanying notes.

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - ENTERPRISE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2022

	Food Service Fund	Day Care Fund	Total Enterprise Funds
<b>Operating revenue:</b>			
Sales to pupils	1,839	61,940	63,779
Sales to adults	4,564		4,564
Other revenue	11,125	172	11,297
<b>Total operating revenue</b>	<b>17,528</b>	<b>62,112</b>	<b>79,640</b>
<b>Operating expense:</b>			
Salaries	82,805	69,616	152,421
Employee benefits	20,093	8,449	28,542
Purchased services	1,629	2,801	4,430
Supplies	10,037	5,728	15,765
<b>Cost of sales:</b>			
Purchased food	66,553		66,553
Donated food (commodities)	19,315		19,315
Depreciation	9,658	1,944	11,602
Pension related expense reduction	-7,342	-4,347	-11,689
<b>Total operating expenses</b>	<b>202,748</b>	<b>84,191</b>	<b>286,939</b>
<b>Operating income (loss)</b>	<b>-185,220</b>	<b>-22,079</b>	<b>-207,299</b>
<b>Nonoperating revenue (expense):</b>			
Loss on disposal of capital asset	-138		-138
Interest earned	79	52	131
State source: Cash reimbursement	454		454
<b>Federal source:</b>			
Cash reimbursement	194,799	58,958	253,757
Donated food	19,538		19,538
Transfer in	3,057		3,057
<b>Total nonoperating revenue (expense)</b>	<b>217,789</b>	<b>59,010</b>	<b>276,799</b>
<b>Change in net position</b>	<b>32,569</b>	<b>36,931</b>	<b>69,500</b>
<b>Net position, July 1, 2021</b>	<b>128,339</b>	<b>92,178</b>	<b>220,517</b>
<b>Net position, June 30, 2022</b>	<b>160,908</b>	<b>129,109</b>	<b>290,017</b>

See accompanying notes.

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2022

	Food Service Fund	Child Care Fund	Total Enterprise Funds
	-----	-----	-----
Cash flows from:			
Operating activities:			
Receipts from customers	25,897	61,969	87,866
Cash paid for employees	-102,898	-78,314	-181,212
Payments to suppliers	-79,782	-9,097	-88,879
Net cash provided (used) by operating activities	----- -156,783	----- -25,442	----- -182,225
Noncapital financing activities:			
Grant cash reimbursements, state	454		454
Grant cash reimbursements, federal	194,799	58,958	253,757
Capital financing activities:			
Cash purchase of equipment	-2,724		-2,724
Investing activities:			
Interest received	79	52	131
Net increase (decrease) in cash and cash equivalents	----- 35,825	----- 33,568	----- 69,393
Cash and cash equivalents:			
July 1, 2021	48,051	1,148	49,199
Add savings account		12,500	12,500
July 1, 2021, adjusted	----- 48,051	----- 13,648	----- 61,699
June 30, 2022	----- 83,876	----- 47,216	----- 131,092
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	-185,220	-22,079	-207,299
Donated commodities used	19,315		19,315
Depreciation	9,658	1,944	11,602
Pension related exp. reduction	-7,342	-4,347	-11,689
Change in operating accounts:			
Accounts receivable	17	-143	-126
Inventory - supplies	9		9
Inventory - purchased	-2,507		-2,507
Accounts payable	935	-568	367
Contracts payable		-211	-211
Benefits payable		-38	-38
Unearned revenue	8,352		8,352
Net cash provided (used) by operating activities	----- -156,783	----- -25,442	----- -182,225
Noncash investing, capital and financing activities:			
Donated commodities received	19,538		
Capital contribution	3,057		

See accompanying notes.

GAYVILLE-VOLIN SCHOOL DISTRICT NO. 63-1  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2022

	Custodial Funds -----
Assets:	
Cash	64,266
	-----
Total assets	64,266
	=====
Liabilities:	
Due to general fund - advance	6,000
	-----
Total liabilities	6,000
	=====
Net Position:	
Restricted for student activities	58,266
	-----
Total net position	58,266
	=====
See accompanying notes.	

GAYVILLE-VOLIN SCHOOL DISTRICT NO. 63-1  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDING JUNE 30, 2022

	Custodial Funds -----
Additions:	
Collections for student activities	247,701
	-----
Total additions	247,701
	-----
Deductions:	
Payments for student activities	237,952
	-----
Total deductions	237,952
	-----
Change in net position	9,749
Net position:	
July 1, 2021	48,517
	-----
June 30, 2022	58,266
	=====
See accompanying notes.	

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the Gayville-Volin School District's (School District) Board of Education.

The School District's officials at June 30, 2022 are:

Board Members:

John Freeburg, President  
Stacy Barta  
Eric Dimmer  
Tyler Hoxeng  
Kathy Jorgensen

Superintendent:

Jason Selchert

Business Manager

Alice Hight

Attorney:

Churchill, Manolis, Freeman, Kludt & Burns

The reporting entity of the School District consists of (1) 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; (2) those organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the School District (the primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District unless that organization can, without the approval of the School District: (1) set its own budget; (2) determine its own rates or charges; and (3) borrow money.

Based upon the application of these criteria, the Gayville-Volin School District does not have any component units.

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



b. Basis of Presentation:

*Government-wide Financial Statements:*

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements 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 good and services.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net position is displayed in three components, as applicable: net invested 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 function of the School District's governmental activities and for each segment of School District's business-type activities. Direct expenses are associated with a specific program or function and are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients for goods and services offered by the program 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 and interest, are presented as general revenues.

*Fund Financial Statements:*

The fund financial statements include specific information about individual funds used by the reporting entity. Each fund is considered a separate accounting entity with a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, enterprise, and fiduciary. An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the School District or if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, revenues, or expenditures/expenses) for all funds of that category (that is, total governmental or total enterprise), and
- b. The same element that meets the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.
- c. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's official believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

The School District has elected to classify all of its funds as major funds.

School District funds are described below within their respective fund type:

## Governmental Funds

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

*Special Revenue Fund Type - special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes. The School District has the following special revenue funds:*

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 and is a major fund.

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

*Debt Service Fund Types - debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related cost.*

Debt Service fund - A fund established by SDCL 13-16-13 to account for the payment of principal, interest and related costs of a 2021 general obligation refunding bond. This fund is financed by property taxes and is a major fund. See also page 42.

## Enterprise Funds

*Enterprise Fund Types - enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The School District has the following enterprise fund:*

Food service fund - a fund used to record financial transactions related to the School District's food service operations. This fund is financed by user charges and grants and is a major fund.

Child care fund - a fund used to record financial transactions related to the School's child care activity and driver's education. This fund is financed by user charges, fund raising activities, and grants. This fund is a major fund.

## Fiduciary Funds

Fiduciary funds consist of the following sub-category 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 School District maintains custodial funds to hold assets as an agent in a trustee capacity for various classes and student clubs.

### c. Measurement Focus and Basis of Accounting:

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

## Measurement Focus

### *Government-wide Financial Statements:*

Both governmental and business-type activities are presented using the "economic resources" measurement focus, applied on the accrual basis of accounting.

The "economic resources" measurement focus includes all assets and liabilities (whether current or noncurrent, financial, or nonfinancial) on the balance sheet. Operating statements use the flow of all economic resources to present operating income, changes in net position, and cash flows during the accounting period. This measurement focus uses the term "net position" to describe its equity at the end of the accounting period.

### *Fund Financial Statements:*

All governmental funds are presented using the "current financial resources" measurement focus and the modified accrual basis of accounting.

The "current financial resources" measurement focus includes only current financial assets and liabilities on the balance sheet. Operating statements present sources and uses of available spendable financial resources during the accounting period. This measurement focus uses the term "fund balance" to describe its equity at the end of the accounting period. It is a measure of available spendable financial resources.

Enterprise and fiduciary funds are presented using the "economic resources" measurement focus (described above) and the accrual basis of accounting.

## Basis of Accounting

### *Government-wide Financial Statements:*

In the government-wide financial statements, the accrual basis of accounting is used for both governmental and business-type activities in the Statement of Net Position and Statement of Activities. 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:*

In the fund financial statements, all governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. Available means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The School District's availability period accruing and recording revenues is 60 days. The revenues which are accrued at June 30, 2022 are grants and other accounts receivable.

Under the modified accrual basis of accounting, receivables may be measurable but "not available". Not available means not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred inflow of resources are those where the asset recognition criteria has been met but for which the revenue recognition criteria has not been met because the receivable is not available.

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. However, the Gayville-Volin School District budgets for, and makes payment of, debt obligations due on July 1st as of June 30th, the end of the School District's fiscal year.

All enterprise funds and fiduciary funds are accounted for using the accrual basis of accounting, the same as in the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

*Government-wide Financial Statements:*

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

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, except for the net residual amounts due between governmental and business-type activities, which are presented as "Internal Balances" (if any).

*Fund Financial Statements:*

In the fund financial statements, noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a nonspendable fund balance account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources."

e. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. All other interfund transactions are reported as transfers.

f. Cash and Cash Equivalents:

In the enterprise funds' statement of cash flows, the School District considers all highly liquid investments and deposits (including restricted assets) with a term to maturity of three months or less when purchased to be cash equivalents.

g. Capital Assets and Infrastructure assets:

Capital assets include land, buildings, improvements, and equipment, and all other tangible or intangible assets that are used in operations, which have initial useful lives extending beyond a single reporting period. *Infrastructure* assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets. Infrastructure assets, if any, are classified as "Improvements Other than Buildings."

*Government-wide Financial Statements:*

In the government-wide financial statements, capital assets are accounted for on the accrual basis of accounting. Capital asset purchases are capitalized and not expensed. Instead, capital purchases are expensed over the life of the asset as depreciation or amortization.

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 estimated 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. After an item has been capitalized, subsequent improvements or betterments that are significant, and which extend the useful life of the item, are also capitalized.

The total June 30, 2022 balance of capital assets for governmental activities include approximately 2% for which the costs were determined by estimates of the original costs. The total June 30, 2022 balance of capital assets for business-type activities includes approximately 0% for which the costs were determined by estimates of the original costs. The estimated original costs were established by appraisals.

Interest cost incurred during construction of general capital assets are not capitalized with other capital asset cost. Interest cost incurred during construction of enterprise capital assets are not capitalized with other capital asset cost.

Depreciation and amortization of all exhaustible capital assets are recorded as an allocated expense in the government-wide statement of activities and the enterprise fund statement of revenue, expenses and changes in fund net position. Accumulated depreciation/amortization is reported on the government-wide statement of net position and on the enterprise fund's statement of net position. See page 41.

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

	Capitalization Threshold	Depreciation/ Amoritization Method	Estimated Life in Years
	-----	-----	-----
Land	all	N/A	N/A
Buildings/structures	20,000	Straight-line	33-50
Improvements	10,000	Straight-line	10-50
Equipment and intangible leases	5,000	Straight-line	2-20
Equipment - food service	500	Straight-line	12

Land is an inexhaustible capital asset and is not depreciated.

*Fund Financial Statements:*

In the fund financial statements, governmental funds account for capital asset purchases as expenditures of the appropriate governmental fund. Enterprise funds account for capital asset purchases on the accrual basis of accounting, the same as in the government-wide statements.

h. Long-term Liabilities:

*Government-wide Financial Statements:*

In the government-wide financial statement, all long-term liabilities to be repaid from governmental or business-type resources are reported as liabilities. Long-term liabilities consist of a general obligation bond, capital outlay certificates, equipment lease and compensated absences.

*Fund Financial Statements:*

In the fund financial statements, governmental debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. Enterprise fund long-term debt (if any) is reported as a liability, the same as in the government-wide statements.

i. Program Revenues and General Revenues:

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

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

General revenues include all revenues not specifically earmarked for a specific program. General revenues include all taxes, investment earnings, unrestricted receipts from federal, state, or county governments, and miscellaneous revenues not related to a program. These revenues are not restricted and can be used for the regular operation of the School District.

j. 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 the government-wide financial statements, the only deferred outflow of resources reported is a deferred amount arising from the School District's pension plan for qualified retirees as discussed in Note 12.

In the fund financial statement there are no deferred outflows of resources reported in the governmental funds. There is deferred outflows of resources reported in the enterprise funds arising from School District's pension plan for qualified retirees as discussed in Note 12.

In addition to liabilities, the statement of financial position has a separate section to report 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.

In the government-wide financial statements, the only deferred inflow of resources reported are deferred amounts arising from the School District's pension plan and property taxes that are levied for future periods.

In the funds financial statement, governmental funds report deferred inflows of resources for property taxes levied but not collected within the available period and property taxes levied in the available period that are intended to finance the next fiscal year. Enterprise funds report deferred outflows of resources arising from School District's pension plan for qualified retirees as discussed in Note 12.

k. Enterprise Fund Revenue and Expense Classifications:

In the government-wide and fund financial statements, enterprise revenues and expenses are classified in a manner consistent with how they are classified in the statement of cash flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

1. Equity Classifications:

*Government-wide Statements:*

Equity is classified as net position and is displayed in three components:

1. Net invested 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 capital outlay certificate payable, capitalized leases payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consists of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - Other net position that does not meet the criteria of 1 or 2 above.

*Fund Financial Statements:*

Governmental fund equity is classified as "Fund Balance", and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Enterprise fund equity is classified as "Net Position", the same as in the government-wide financial statements.

Fiduciary fund equity is reported as "Custodial Net Position".

m. 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 City 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 (or modified or rescinded) by the government through formal action at 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 Council or Finance Officer.

\* Unassigned - includes positive fund balance within the general fund which has not been classified within the above categories and negative fund balances in other governmental funds.

The School District fund balance classifications are made up of:

<u>Fund Balance</u> <u>Classifications</u>	<u>Account</u> <u>or Fund</u>	<u>Authority</u> <u>or Action</u>	<u>Amount</u>
Nonspendable	Inventory of supplies		6,138
	General - Impress activity	Resolution	6,000
Restricted	Capital Outlay	Statute	2,066,283
	Special Education	Statute	132,657
	Debt Service	Statute	319,972
Committed	None		0
Assigned	None		0
Unassigned	General		705,346
			-----
			3,236,396

The School District uses "restricted" and "committed" amounts first when 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 School District 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.

The purpose of each special revenue fund and revenue source is:

Special Revenue Fund:	Revenue Source: (see page 17)
* Capital Outlay	Property taxes and grants
* Special Education	Property taxes and grants

n. 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 which can be charged to either restricted or unrestricted net position.

o. Allowance for Doubtful Accounts:

Because write-off of uncollected taxes and/or student meals is minimal, is it not considered necessary to establish an estimated allowance for doubtful accounts.

p. Accounting Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from these estimates. Following are the estimates made by management during the year:

- \* Allowance for doubtful accounts - estimated uncollectables
- \* Inventory - estimated fair market value
- \* Depreciation - estimated service lives
- \* SDRS Pension - actuarial assumptions



q. Pensions:

For the purpose of measuring the net pension (asset)/liability, deferred outflows of resources and deferred inflow of resources related to pensions, and pension expense (expense reduction), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SRDS's fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. School District contributions and net position (asset)/liability are recognized on an accrual basis of accounting.

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

In FY22, the School District implemented the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases. This statement improves accounting and financial reporting; enhances the comparability of financial statements between governments; and also enhances the relevance, reliability, and consistency of information about the leasing activities of governments.

The effect of implementing this standard was initially to increase in governmental activities support service expenditures by \$4,109. Capital leased assets was increased \$130,055, less \$78,446 of prior period accumulated amortization, less \$55,718 of prior period remaining principal payments of \$55,718 on the leased equipment. See also note 10.

3. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

None reported.

4. DEPOSITS, INVESTMENTS AND RISK

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

Deposits - The School District deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15 and 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 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 better, or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost, plus interest, if the account is the add-on type.

Actual bank balances at June 30, 2022 were as follows: Insured \$500,000, Collateralized \*\* \$3,220,415, for a total of \$3,720,415.

\*\* Uninsured, collateral jointly held by state's/school's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits at June 30, 2022 was \$3,659,367 which equals \$3,595,101 on the government-wide statement of net position plus \$64,266 on the fiduciary funds statement.

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

Cash Equivalents - Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits. Also, because certificates of deposit are included in the equivalent of an internal cash management pool, which is available on demand to all School District funds, certificates of deposit (if any) are considered to be cash equivalent.

Investment Risk - State law limits eligible investments for schools as discussed above. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk (Deposits) - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2022 the School District's deposits in financial institutions were not exposed to custodial credit risk.

Concentration of Credit Risk - the School District places no limit on the amount that may be deposited/invested in any one institution. All School District deposits are in CorTrust Bank.

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the general fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the general fund, except for interest from certificates of deposit in the capital outlay fund and for interest earned by the bond redemption fund. U.S.GAAP, however, requires income from deposits and investments to be reported in the fund whose assets generated the income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund (ie: general fund) is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These transfers are not violations of the statutory restrictions on interfund transfers.

## 5. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Allowances for estimated uncollectible accounts are not material to these financial statements.

6. DUE FROM OTHER GOVERNMENTS

At June 30, 2022 amounts due from other governments were:

	Governmental Activities	Business-Type Activities
Federal government:		
Title I	14,202	
Title II	1,034	
ESSER II	6,411	
CACFP claims		329
State government:		
IDEA Part B 611	14,635	
Miscellaneous	115	
County government:		
Gross receipts tax	33,104	
	-----	-----
	69,501	329

7. INVENTORY OF SUPPLIES AND SMALL TOOLS

*Government-wide Statements: (consumption method)*

In the government-wide financial statements inventory of supplies and small tools are recorded as assets when purchased and charged to expense when they are consumed. Inventory of supplies and small tools are recorded at cost. Donated items are valued at estimated market value at the date of receipt. The cost valuation method is first-in first-out. Inventory at June 30, 2022 is \$6,138 for supplies in the general fund and \$12,500 for food and supplies in the food service fund.

*Fund Financial Statements: (consumption method)*

In the fund financial statements inventory of supplies and small tools (if any) are recorded as assets when purchased and charged to expenditure/expense when they are consumed. Reported governmental inventories are equally offset by a nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Inventory of supplies and small tools are recorded at cost. Donated items are valued at estimated market value at the date of receipt. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt. The cost valuation method is first-in first-out.

8. CHANGES IN CAPITAL ASSETS (schedule one)

A summary of changes in capital assets for the fiscal year ending June 30, 2022 is found on schedule one at the end of these footnotes. There is construction-in-progress at June 30, 2022. See page 41.

9. CHANGES IN LONG-TERM LIABILITIES (schedule two)

A summary of changes in long-term liabilities for the fiscal year ending June 30, 2022 is found on schedule two at the end of these footnotes.

The School District has no: (a) unused lines-of-credit, (b) short-term debt, (c) debt extinguishments, defeasances, refundings or troubled debt restructuring, (d) special assessment debt, (e) conduit debt, (f) derivatives or hedging of variable rate debt, (g) debt related to claims and judgments, or (h) other than the collateral specified, terms in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences or (3) subjective acceleration clauses.

## 10. LEASE

The School District is lessee in a noncancellable lease for three (3) Toshiba copier/printer machines with a remaining capitalization amount of \$26,837. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$5,000 or more. See page 42.

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 term of the lease using a 5% imputed rate of interest. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the fixed term as stated in a lease contract.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate used to discount the expected lease payments to present value (5% was determined to be reasonable), (2) lease term (the noncancellable period of the lease was used), and (3) lease payments (the fixed lease payment used in the measurement of lease liability was used with a purchase option price of zero based on the School District's practice of leasing a new copier at the end of a copier lease).

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 liabilities on the government-wide statement of net position.

## 11. RESTRICTED NET POSITION

The following table shows the net position restricted for specific purposes as shown on the statement of net position:

Fund	Restricted by	Governmental	Business
Capital outlay	Statute	2,078,658	
Special education	Statute	139,260	
Debt service	Covenants	327,549	
SDRS pension purposes	GASB 68	253,135	19,323
		-----	-----
Total restricted net position		2,798,602	19,323

## 12. INTERFUND TRANSFERS

During the year ending June 30, 2022 a transfer of \$671 was made from the capital outlay fund to the general fund for interest. Also, the capital outlay fund transferred \$3,057 of equipment to the food service fund.

## 13. PENSION PLAN

### Plan Information:

See note 1q above for pension plan accounting policies.

All employees, working more than 20 hours per week during the 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 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 South Dakota Codified Law 3-12. 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 SDRS, PO Box 1098, Pierre, SD 57501-1098 or calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund 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.

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

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

Contributions:

Per SDCL 3-12, contributions 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 years ending June 30, 2022, 2021 and 2020 were \$119,109, \$107,339 and \$102,523, respectively (employer's share) equal to the required contribution each year.

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

At June 30, 2021 SDRS is 105.53% funded and accordingly has net pension (asset). The proportionate shares of the components of the net pension (asset) of South Dakota Retirement System, for the School District as of this measurement period ending June 30, 2021 and reported by the School District as of June 30, 2022 are as follows:

Proportionate share of total pension liability	\$ 10,931,276
Less: Proportionate share of net position restricted for pension benefits	(11,535,002)
	-----
Proportionate share of net pension (asset)/liability	\$ (603,726)
	=====

At June 30, 2022 the School District reported a (asset)/liability of \$(603,726) for its proportionate share of the net pension (asset)/liability. The net pension (asset) was measured as of June 30, 2021 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, 2021, the School District's proportion was .000788330 which is an increase of .000009762 over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized net pension (expense reduction) of \$166,553.

At June 30, 2022 the School District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21,675	\$ 1,583
Change in assumptions	694,279	302,337
Net difference between projected and actual earnings on pension plan investments	0	862,435
Changes in proportion and difference between client contribution and proportionate share of contributions	23	
School District contributions subsequent to the measurement date	119,110	
	-----	-----
Totals	835,087	1,166,355
	(119,110)	=====
	(1,166,355)	
	-----	
To be amortized over 4 years	(450,378)	
	=====	

The \$119,110 reported as deferred outflow of resources related to the pension, results from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

The other amounts reported as deferred outflows of resources and deferred inflow of resources related to the pension will be recognized in pension expense (reduction of expense) as follows:

	- 36 -
Year Ending June 30, 2023	\$ (110,928)
June 30, 2024	( 75,664)
June 30, 2025	( 21,168)
June 30, 2026	(242,618)
	-----
	(450,378)

Actuarial Assumptions:

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.25% and real returns of 4.25%.
Future COLAs	2.25%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males.

Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investments

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 (ie: 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 weighting 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, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	0.9%
	-----	
	100.0%	
	=====	

Discount Rate:

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

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

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
School District's proportionate share of the net pension (asset)/liability	\$977,582	\$(603,726)	\$(1,887,380)

Pension Plan Fiduciary Net Position:

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

14. EMPLOYEE BENEFIT PLAN

The School District offers eligible employees a "Flexible Benefits Plan" (also known as a "cafeteria plan") under Internal Revenue Code Sec.125. The Plan allows eligible employees to use money provided by the School District through employee salary redirection, to choose (and pay for) one or more benefits offered through the Plan.

15. PROPERTY TAXES

Property taxes are levied on or before 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 revenue 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 not susceptible to accrual, has been reported as deferred revenue in both the government-wide financial statements and the fund 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". However, because property taxes are payable on April 30 and October 31 each year, about 1/2 of the property tax levy is collected by June 30, to finance the current year's appropriations, and 1/2 is collected after June 30, to finance the next year's appropriations.

Consequently, the School District considers all unpaid property tax levies at June 30 to be for the next year's appropriation. This entire amount is deferred in both the government-wide financial statements and the fund financial statements. Any delinquent property taxes received after June 30, but within the School District's "availability period", are considered immaterial to these financial statements and are deferred along with the second 1/2 of the current year's tax levy.

Delinquent property taxes, from prior year tax levies, are included in "net position" in the government-wide statement of activities but are deferred in the fund financial statements. See reconciliations on page 16 and 18.

## 16. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ending June 30, 2022 the Gayville-Volin School District managed its risks as follows:

### Health:

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

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

### Liability and Property:

The District purchases liability and property insurance for risks related to torts, theft of 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.

### Worker's Compensation:

The 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. The School District made no unemployment payments in FY22. The School District expects to make small unemployment payments of \$836 in FY23.

## 17. TAX ABATEMENTS

As of June 30, 2022 the School District did not provide any tax abatement incentives through agreements that are considered tax abatements in accordance with the provisions of GASB Statement No. 77.

18. LITIGATION

The School District can be a party to litigation. No determination can be made at this time regarding the potential outcome of such matters. However, as discussed in the risk management note above, the School District has liability coverage for itself and its employees. Therefore, any litigation is not expected to have a potential material effect on the School District's financial statements.

19. EMERGING ACCOUNTING PRONOUNCEMENTS

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). GASB 96 affects any government entity that enters into a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 96 is effective for years beginning after June 15, 2022. The School District has not yet implemented this update and is in the process of assessing the effect on its financial statements.

20. OTHER DISCLOSURES AND SUBSEQUENT EVENTS

The School District does not have any "Other Post Employment Benefits".

The School District ended its participation in Southeast Area Educational Cooperative on June 30, 2021.

In FY23 the School District expects to finish ball field improvements for approximately \$145,000.

In FY23 the School District replaced roof shingles for \$58,000.

In FY23 the School District resurfaced the track for \$79,122.

In FY23 the School District purchased a 77 passenger bus for \$106,150.

Student enrollments are:

FY10 - 247	FY13 - 273	FY16 - 287	FY19 - 293	FY22 - 275
FY11 - 258	FY14 - 276	FY17 - 304	FY20 - 290	FY23 - 262
FY12 - 271	FY15 - 274	FY18 - 279	FY21 - 279	

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
 NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE  
 CHANGES IN CAPITAL ASSETS  
 FOR THE YEAR ENDING JUNE 30, 2022

	Beginning 6-30-21	Adjustments	Additions	(Deletions)	Ending 6-30-22	Accumulated Depreciation Amortization 6-30-21	Adjustments	(Additions)	Deletions	Accumulated Depreciation Amortization 6-30-22	Remaining Cost 6-30-22
<b>General capital assets:</b>											
<b>Not being depreciated:</b>											
Land	58,118				58,118	0					58,118
Construction-in-progre	0		64,491		64,491	0				0	64,491
<b>Totals</b>	<b>58,118</b>	<b>0</b>	<b>64,491</b>	<b>0</b>	<b>122,609</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>122,609</b>
<b>Being depreciated/amortized:</b>											
Buildings	7,163,094				7,163,094	-2,349,368		-147,192		-2,496,560	4,666,534
Improvements	703,455		26,199		729,654	-260,734		-39,318		-300,052	429,602
Equipment	1,110,801		32,427	-15,600	1,127,628	-516,418		-83,822	12,480	-587,760	539,868
Library books	66,462		939		67,401	-46,875		-2,782		-49,657	17,744
Intangible copier/printer lease	0	130,055			130,055	0	-78,446	-24,772		-103,218	26,837
<b>Totals</b>	<b>9,043,812</b>	<b>130,055</b>	<b>59,565</b>	<b>-15,600</b>	<b>9,217,832</b>	<b>-3,173,395</b>	<b>-78,446</b>	<b>-297,886</b>	<b>12,480</b>	<b>-3,537,247</b>	<b>5,680,585</b>
<b>Combined totals</b>	<b>9,101,930</b>	<b>130,055</b>	<b>124,056</b>	<b>-15,600</b>	<b>9,340,441</b>	<b>-3,173,395</b>	<b>-78,446</b>	<b>-297,886</b>	<b>12,480</b>	<b>-3,537,247</b>	<b>5,803,194</b>

Governmental  
 depreciation/amortization  
 is allocated as follows:

Instruction	209,595
Support	53,051
Co-curricular	35,240
	<u>297,886</u>

**Enterprise fund:**

**Food service fund:**

Land - child care	9,000				9,000	0				0	9,000
Buildings - child care	97,196				97,196	-27,215	-1	-1,943		-29,159	68,037
Equipment - food servi	131,732		5,782	-1,647	135,867	-60,725		-9,658	1,510	-68,873	66,994
<b>Totals</b>	<b>237,928</b>	<b>0</b>	<b>5,782</b>	<b>-1,647</b>	<b>242,063</b>	<b>-87,940</b>	<b>-1</b>	<b>-11,601</b>	<b>1,510</b>	<b>-98,032</b>	<b>144,031</b>

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
 NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE TWO  
 CHANGES IN LONG-TERM LIABILITIES  
 FOR THE ONE YEAR ENDING JUNE 30, 2022

	Beginning 6-30-21	Additions	(Deletions)	Governmental Ending 6-30-22	Principal Due in FY23
<b>GOVERNMENTAL - DIRECT BORROWING</b>					
2013 Capital Outlay Certificates:					
Qualified Zone Academy Bonds					
Original amount: \$350,000					
Maturing July 15, 2025					
Interest at zero					
Annual payments of \$29,166.67					
Collateral - Capital outlay tax					
levy in an amount not to exceed					
\$3.00 per \$1,000 of assessed					
valuation for the payment of					
principal portion of the Bonds					
Paid from Capital Outlay Fund	145,833		-29,167	116,666	29,167
2016 General Obligation Bonds:					
Original amount: \$2,650,000					
Maturing June 30, 2037					
Interest at 2.0% to 4.0%					
Total annual payments of					
approximately \$198,000					
Collateral - Same as 2021 General					
Obligation Refunding Bonds					
Paid from Debt Service Fund	2,340,000		-2,340,000	0	0
2021 General Obligation Refunding Bonds:					
Original amount: \$2,200,000					
Maturing August 1, 2034					
Interest at 2.0% to 3.0%					
Total annual payments of					
Approximately \$194,000					
Collateral - General ad valorem taxes					
levied upon the taxable property in					
the school district without limit as					
to rate or amount. Further secured					
as to the payment of both principal					
interest by the pledge of future					
payments of appropriated State Aid.					
Paid from Debt Service Fund	0	2,200,000		2,200,000	150,000
<b>GOVERNMENTAL - OTHER LIABILITIES</b>					
2018 Lease of copier:					
Original amount: \$130,055					
Maturing August 2023					
Imputed interest at 5.0%					
Monthly payments of \$2,351.43					
Collateral - Copier					
Paid from capital outlay fund	55,718	Adjustment	-26,022	29,696	27,354
Accrued leave liability:					
Paid from General Fund	6,000	6,750	-6,000	6,750	6,750
	2,547,551	2,206,750	-2,401,189	2,353,112	213,271

**SCHEDULE OF PAYMENTS FOR LONG-TERM DEBT**  
 AT JUNE 30, 2022

	Total Payment	Principal	Interest	Balance
2013 Capital Outlay Certificates:				
Qualified Zone Academy Bonds				
FY23	29,167	29,167	0	87,500
FY24	29,166	29,166	0	58,334
FY25	29,167	29,167	0	29,167
FY26	29,167	29,167	0	0
Totals	116,667	116,667	0	
2021 General Obligation Refunding Bonds:				
FY23	195,850	150,000	45,850	2,050,000
FY24	192,850	150,000	42,850	1,900,000
FY25	194,800	155,000	39,800	1,745,000
FY26	191,700	155,000	36,700	1,590,000
FY27	193,550	160,000	33,550	1,430,000
FY28-FY32	968,825	865,000	103,825	565,000
FY33-FY35	582,150	565,000	17,150	0
Totals	2,519,725	2,200,000	319,725	
2018 Copier lease:				
FY23	28,217	27,354	863	2,342
FY24	2,351	2,342	9	0
Totals	30,568	29,696	872	

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 FOR THE YEAR ENDING JUNE 30, 2022

GENERAL FUND	Budgeted Amounts			Actual	Variance Positive (Negative)	
	Original	Contingency Transfers	Supplementals			Final
Revenues:						
Local Sources:						
Taxes:						
Ad valorem taxes	292,794			292,794	299,661	6,867
Prior year ad valorem taxes:	5,000			5,000	3,198	-1,802
Gross receipts	33,000			33,000	35,040	2,040
Mobile home taxes	4,000			4,000		-4,000
Penalties and interest	2,000			2,000	632	-1,368
Interest earned	8,000			8,000	8,000	0
Cocurricular activities:						
Admissions	12,000			12,000	22,392	10,392
Other revenue from local sources:						
Donations				0	2,300	2,300
Medicaid	7,000			7,000	6,702	-298
Other	10,050			10,050	6,880	-3,170
Intermediate sources:						
County apportionment	15,000			15,000	17,385	2,385
State sources:						
Unrestricted grants-in-aid	1,729,983		9,506	1,739,489	1,732,746	-6,743
Restricted grants-in-aid	1,500			1,500	2,000	500
Federal sources:						
Restricted grants-in-aid	168,994		50,167	219,161	209,191	-9,970
<b>Total revenues</b>	<b>2,289,321</b>	<b>0</b>	<b>59,673</b>	<b>2,348,994</b>	<b>2,346,127</b>	<b>-2,867</b>
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	463,607		13,898	477,505	476,046	1,459
Middle school	182,432		3,364	185,796	184,652	1,144
High school	435,566		9,867	445,433	442,406	3,027
Early Childhood Services	32,317		568	32,885	32,481	404
Special programs:						
Disadvantaged Children	73,843		1,705	75,548	75,040	508
Support services:						
Pupils:						
Guidance	127,710		2,273	129,983	131,615	-1,632
Health	1,300			1,300	714	586
Instruction:						
Staff Training	5,307		568	5,875	4,060	1,815
Educational media	3,253			3,253	2,369	884
Technology in school	19,043			19,043	18,814	229
General administration:						
Board of Education	31,389		1,025	32,414	31,606	808
Executive administration	203,340		5,300	208,640	208,269	371
School administration:						
Office of principals	179,472		4,546	184,018	186,331	-2,313
Other support services	3,553			3,553		3,553
Business:						
Fiscal services	89,683		1,136	90,819	88,834	1,985
Operations and maintenance	291,993		11,100	303,093	296,421	6,672
Pupil transportation	115,466		9,038	124,504	112,303	12,201
Fruits and Vegetable grant	7,000			7,000	8,299	-1,299
Central: recruiting	250			250	43	207
Cocurricular activities:						
Male activities	35,230		500	35,730	37,394	-1,664
Female activities	30,911			30,911	30,227	684
Transportation				0	2,811	-2,811
Combined activities	78,335		4,685	83,020	76,759	6,261
<b>Total expenditures</b>	<b>2,411,000</b>	<b>0</b>	<b>69,573</b>	<b>2,480,573</b>	<b>2,447,494</b>	<b>33,079</b>
Excess of rev over (under) exp	-121,679	0	-9,900	-131,579	-101,367	30,212
Other financial sources:						
Transfer in	100,000			100,000	671	-99,329
Fund balance:						
July 1, 2021	818,180			818,180	818,180	0
June 30, 2022	796,501	0	-9,900	786,601	717,484	-69,117

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 FOR THE YEAR ENDING JUNE 30, 2022

CAPITAL OUTLAY FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenue:					
Local Sources:					
Taxes:					
Ad valorem taxes	419,217		419,217	430,148	10,931
Prior year ad valorem taxes:	3,000		3,000	2,645	-355
Mobile home taxes	3,500				
Penalties and interest	600		600	475	-125
Interest earned	10,000		10,000	14,256	4,256
Other revenue from local sources:					
Donations	37,000		37,000	106,874	69,874
Other	20,500	18,000	38,500	6,500	-32,000
Other revenue from state sources:					
Restricted grants-in-aid			0		0
Other revenue from federal sources:					
Restricted grants-in-aid	32,490	5,980	38,470	271,202	232,732
<b>Total revenue</b>	<b>526,307</b>	<b>23,980</b>	<b>546,787</b>	<b>832,100</b>	<b>285,313</b>
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	18,020	4,000	22,020	23,025	-1,005
Middle school	5,760	1,980	7,740	5,231	2,509
High school	22,391	18,000	40,391	42,246	-1,855
Special programs - spec educ			0		0
Support services:					
Pupils:					
Guidance			0		0
Instruction:					
Educational media	2,000		2,000	1,439	561
Technology in school	22,500		22,500	2,394	20,106
General education:					
Executive administration			0	387	-387
School administration:					
Office of Principals	400		400		400
Business:					
Facilities acquisition			0	281	-281
Building acquisition	100,705		100,705	84,872	15,833
Other facility acquisition			0		0
Operations and maintenance	37,200	3,000	40,200	32,395	7,805
Pupil transportation	11,600	1,110	12,710	3,035	9,675
Food services		3,057	3,057		3,057
Daycare services	7,500		7,500		7,500
Nonprogram charges			0	6,833	-6,833
Debt service:	63,000		63,000	57,384	5,616
Cocurricular activities:					
Male activities	15,500		15,500	14,952	548
Female activities	8,500	700	9,200	8,584	616
Transportation			0		0
Combined	6,600		6,600	5,015	1,585
<b>Total expenditures</b>	<b>321,676</b>	<b>31,847</b>	<b>353,523</b>	<b>288,073</b>	<b>65,450</b>
Excess of rev over (under) exp	204,631	-7,867	193,264	544,027	350,763
Other financial sources:					
Transfer in			0		0
Transfer (out)	-100,000		-100,000	-3,728	96,272
Compensation for damaged property			0	1,458	1,458
Fund balance:					
July 1, 2021	1,524,527		1,524,527	1,524,527	0
June 30, 2022	1,629,158	-7,867	1,617,791	2,066,284	448,493

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 FOR THE YEAR ENDING JUNE 30, 2022

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	238,976		238,976	244,358	5,382
Prior year ad valorem taxes	2,000		2,000	1,520	-480
Mobile home taxes	1,700		1,700		-1,700
Penalties and interest	300		300	268	-32
Interest earned	300		300	236	-64
Medicaid	2,500		2,500	5,145	2,645
State sources:					
Restricted grants-in-aid	215,513		215,513	215,292	-221
Federal sources:					
Restricted grants-in-aid	94,340		94,340	93,471	-869
<b>Total revenues</b>	<b>555,629</b>	<b>0</b>	<b>555,629</b>	<b>560,290</b>	<b>4,661</b>
Expenditures:					
Instruction:					
Special programs:					
Special education	392,221	27,428	419,649	411,889	7,760
Support services:					
Pupils:					
Special education	105,259	3,906	109,165	102,821	6,344
School administration:					
Special education	10,167	500	10,667	11,077	-410
<b>Total expenditures</b>	<b>507,647</b>	<b>31,834</b>	<b>539,481</b>	<b>525,787</b>	<b>13,694</b>
<b>Excess of rev over (under) exp</b>	<b>47,982</b>	<b>-31,834</b>	<b>16,148</b>	<b>34,503</b>	<b>18,355</b>
Other financing sources:					
None			0		0
Fund balance:					
July 1, 2021	98,154		98,154	98,154	0
June 30, 2022	146,136	-31,834	114,302	132,657	18,355

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS

1. Budgets and Budgetary Accounting:

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

- a. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the school board at the first regular meeting held in May of each year.
- c. The proposed budget is published for public review no later than July 15 of each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 1h below.
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets, when money is available, to increase legal spending authority. See pages 43 to 45.
- i. Unexpended appropriations lapse at year end unless encumbered by resolution of the school board. No encumbrances were outstanding at June 30, 2022.
- j. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- k. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. GAAP and Budgetary Accounting Basis Difference:

The financial statements prepared in conformity with U.S.GAAP 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 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 service/business/pupil transportation function of government, along with all other current pupil transportation related expenditures.



GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
FOR THE EIGHT YEARS ENDING JUNE 30, 2021

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE  
SOUTH DAKOTA RETIREMENT SYSTEM'S NET PENSION (ASSET)/LIABILITY

SDRS Measurement Date Year Ended (1)	School's Pension Allocation Percentage	School's Proportionate Share of Net Pension (Asset) Liability	School's Covered Employee Payroll for its 6-30 Year End	School's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2021	0.0788330%	-603,726	1,788,983	(33.75%)	105.53%
June 30, 2020	0.0778568%	-3,381	1,708,717	(00.20%)	100.04%
June 30, 2019	0.0784729%	-8,316	1,668,500	(00.50%)	100.09%
June 30, 2018	0.0800814%	-1,868	1,664,817	(00.12%)	100.02%
June 30, 2017	0.0773134%	-7,016	1,570,850	(00.45%)	100.10%
June 30, 2016	0.0716053%	241,876	1,361,567	17.76%	96.89%
June 30, 2015	0.0696503%	-295,407	1,271,617	(23.23%)	104.10%
June 30, 2014	0.0711384%	-512,923	1,244,017	(41.23%)	107.30%

(1) The amounts presented for each fiscal year were determined as of the Plan Fiduciary's net pension (asset)/liability which is 6/30 of the School's previous fiscal year.

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
FOR THE NINE YEARS ENDING JUNE 30, 2022

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
TO THE SOUTH DAKOTA RETIREMENT SYSTEM

School's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	School's Covered Employee Payroll for its Fiscal Year End	Contributions as a Percentage of Covered Employee Payroll
June 30, 2022	119,109	119,109	0	1,985,150	6.00%
June 30, 2021	107,339	107,339	0	1,788,983	6.00%
June 30, 2020	102,523	102,523	0	1,708,717	6.00%
June 30, 2019	100,110	100,110	0	1,668,500	6.00%
June 30, 2018	99,889	99,889	0	1,664,817	6.00%
June 30, 2017	94,251	94,251	0	1,570,850	6.00%
June 30, 2016	81,694	81,694	0	1,361,567	6.00%
June 30, 2015	76,297	76,297	0	1,271,617	6.00%
June 30, 2014	74,641	74,641	0	1,244,017	6.00%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

GAYVILLE-VOLIN SCHOOL DISTRICT No. 63-1  
JUNE 30, 2022

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY  
AND SCHEDULE OF PENSION CONTRIBUTIONS

Changes of Prior Valuation:

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change are reflected and described below.

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

Benefit Provision Changes:

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

Actuarial Assumption Changes:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.0% (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%. The condition existed as of June 30, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 actuarial valuation, future COLAs were assumed to equal the restricted maximum of 1.41%. For this June 30, 2021 actuarial valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the actuarial accrued liability by \$1,135 million, or 8.9% of the actuarial accrued liability based on the 1.41% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2022 actuarial valuation.

Actuarial Method Changes:

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

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*

Governing Board  
Gayville-Volin School District No. 63-1  
Gayville, South Dakota

INDEPENDENT AUDITOR'S REPORT

I 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 governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Gayville-Volin School District (School District), Gayville, South Dakota, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued my report thereon dated September 5, 2023, which was unmodified.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Gayville-Volin School District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

My 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 my audit I did not identify any deficiency in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

I did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-01 that I consider to be a significant deficiency.

Report on Internal Control and Compliance and Other Matters

Page Two

*Government Auditing Standards* require the auditor to perform limited procedures on the School District's response to the internal control over financial reporting finding identified in my audit described in the accompanying schedule of findings and responses. The School District's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of the Gayville-Volin School District in a separate Letter of Comments dated September 5, 2023.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gayville-Volin School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests disclose no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

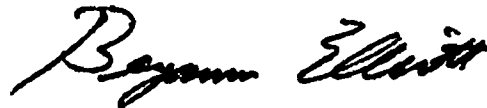
I did note minor matters involving compliance that I reported to the governing body and management of the Gayville-Volin School District in a separate Letter of Comments dated September 5, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gayville-Volin School District's internal control over financial reporting 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 mater of public record and its distribution is not limited.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota



September 5, 2023

SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES

Prior Audit Findings:

FY21 Segregation of Duties - Repeated below as 2022-01

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES

Finding 2022-01: Lack of Proper Segregation of Duties  
(internal control, first reported in 2012)

*Criteria:*

The management of a school district is responsible for establishing and maintaining an internal control structure to provide management and taxpayers with reasonable assurance: 1) that assets are safeguarded against loss from unauthorized use or disposition, 2) that transactions are executed in accordance with management's authorization, and 3) that transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

A key element of an effective internal control structure is the separation of duties so one person isn't responsible of all aspects of a transaction.

*Condition:*

The business manager processes most transactions from beginning to end. The business manager receives money, posts receipts to the accounting records, prepares bank deposits, generates and signs checks, makes journal entries, and posts transactions to the general ledger. As a result, an inadequate segregation of duties exists for the Gayville-Volin School District.

*Effect:*

Inadequate segregation of duties can lead to misappropriation of funds.

*Recommendation:*

I recommend the Gayville-Volin School District's management be cognizant of this lack of segregation of duties and attempt to provide compensating internal controls whenever and wherever possible and practical.

*Management Response:*

This comment is a result of the size of our school district, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Gayville-Volin School District has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties. The Gayville-Volin School District is aware of this problem and is attempting to provide compensating controls whenever and wherever possible and practical. However, this lack of segregation of duties is expected to continue.