

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**SCHOOL DISTRICT OFFICIALS**  
**JUNE 30, 2023**

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Board Members:

Robert Graff, Chairman  
Tory Smith  
Tom Yackley  
Cheri Wittler  
Kimberley Farries  
Megan Jaeger  
Heather Yackley

Superintendent:

Orion Thompson

Business Manager:

Mary Sieck

# AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3

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# AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3

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**KOHLMAN, BIERSCHBACH & ANDERSON, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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WITH AN OFFICE IN  
MOBRIDGE, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS

School Board  
Agar-Blunt-Onida School District No 58-3  
Sully County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Agar-Blunt-Onida School District No 58-3, South Dakota (School District), as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 24, 2024.

**Report on Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as items #2023-01 and #2023-02 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

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

### **School District's Response to Findings**

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

### **Purpose of this Report**

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

*Kohlman, Bierschbach & Anderson, LLP*

January 24, 2024

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2023**

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Prior Audit Findings:

Finding #2022-01

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, payables, payroll, inventory, capital assets, indebtedness, equity, and the preparation of Trust and Custodial receipts, disbursements, and bank reconciliations, which could result in errors not being found in a timely manner. It is not known how long this deficiency has existed. This comment is restated in the current year as finding #2023-01.

Finding #2022-02

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements. This comment is restated in the current year as finding #2023-02.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**SCHEDULE OF CURRENT AUDIT FINDINGS**  
**JUNE 30, 2023**

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CURRENT AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

Finding #2023-01

Criteria

Internal control can help the School District achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting and it can help ensure that the School District complies with laws and regulations.

Condition Found

A material weakness was reported for a lack of segregation of duties for revenues, receivables, payables, payroll, inventory, capital assets, indebtedness, equity, and the preparation of Trust and Custodial receipts, disbursements and bank reconciliations, which could result in errors not being found in a timely manner. It is not known how long this deficiency has existed.

Cause

The School District has only one employee who prepares all accounting records.

Effect

This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions.

Recommendation

We recommend the board take a more active role in their oversight of revenues, receivables, payables, payroll, inventory, capital assets, indebtedness, equity, and the preparation of Trust and Custodial receipts, disbursements and bank reconciliations.

Views of Responsible Officials

Robert Graff is the contact person responsible for the corrective action plan for this comment. This comment is a result of the size of Agar-Blunt-Onida School District No 58-3 which precludes staffing at a level sufficient to provide an ideal environment for internal controls. Agar-Blunt-Onida School District No 58-3 has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenues, receivables, payables, payroll, inventory, capital assets, indebtedness, equity, and the preparation of Trust and Custodial receipts, disbursements and bank reconciliations. Agar-Blunt-Onida School District No 58-3 is aware of this problem and is attempting to provide compensating controls by having the board president and administrative assistant review the monthly bank statement. Also, the administrative assistant reviews the automatic payments and direct deposits associated with the monthly payroll for accuracy. However, this lack of segregation of duties regarding revenues, receivables, payables, payroll, inventory, capital assets, indebtedness, equity, and the preparation of Trust and Custodial receipts, disbursements and bank reconciliations continues to exist.

Finding #2023-02

Criteria



**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**SCHEDULE OF CURRENT AUDIT FINDINGS**  
**JUNE 30, 2023**  
**(Continued)**

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An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Condition Found

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

Cause

The School District had some adjustments that needed to be made in order to get their accounting records in accordance with GAAP.

Effect

This condition may affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

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

Views of Responsible Officials

Robert Graff is the contact person responsible for the corrective action plan for this comment. He stated that the School District will assume the risk associated with this condition. It is cost prohibitive to hire additional staff to review the School District's records for material adjustments. The School District's business manager will work more diligently to identify material adjustments prior to submitting the annual report to the South Dakota Department of Education.

COMPLIANCE AND OTHER MATTERS:

There were no written compliance and other matters findings to report.

**KOHLMAN, BIERSCHBACH & ANDERSON, LLP**  
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**INDEPENDENT AUDITORS' REPORT**

School Board  
Agar-Blunt-Onida School District No 58-3  
Sully County, South Dakota

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Agar-Blunt-Onida School District No 58-3, South Dakota (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Agar-Blunt-Onida School District No 58-3, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of Changes in the School District's Total OPEB Liability and Related Ratios, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the School District Pension Contributions on pages 45 through 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2024, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.

*Kohlman, Bierschbach & Anderson, LLP*

January 24, 2024

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 6,200,615	\$ 41	\$ 6,200,656
Investments	200,000	--	200,000
Taxes receivable	1,532,285	--	1,532,285
Internal balances	3,847	(3,847)	--
Inventories	--	1,464	1,464
Other assets	557,813	2,154	559,967
Restricted assets:			
Cash and cash equivalents	--	30,570	30,570
Net pension asset	9,293	329	9,622
Capital Assets:			
Land, improvements and construction/development in progress	215,180	--	215,180
Other capital assets, net of depreciation/amortization	<u>10,937,977</u>	<u>32,271</u>	<u>10,970,248</u>
<b>TOTAL ASSETS</b>	<u>19,657,010</u>	<u>62,982</u>	<u>19,719,992</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related deferred outflows	916,778	32,563	949,341
OPEB related deferred outflows	<u>50,298</u>	<u>--</u>	<u>50,298</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>967,076</u>	<u>32,563</u>	<u>999,639</u>
<b>LIABILITIES:</b>			
Accounts payable	160,090	--	160,090
Other current liabilities	335,551	17,664	353,215
Unearned revenue	--	20,717	20,717
Noncurrent Liabilities:			
Due within one year	559,904	--	559,904
Due in more than one year	<u>3,716,628</u>	<u>--</u>	<u>3,716,628</u>
<b>TOTAL LIABILITIES</b>	<u>4,772,173</u>	<u>38,381</u>	<u>4,810,554</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Taxes levied for future period	2,071,133	--	2,071,133
Pension related deferred inflows	543,085	19,289	562,374
OPEB related deferred inflows	<u>17,582</u>	<u>--</u>	<u>17,582</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,631,800</u>	<u>19,289</u>	<u>2,651,089</u>
<b>NET POSITION:</b>			
Net investment in capital assets	7,058,642	32,271	7,090,913
Restricted for:			
Capital outlay purposes	2,557,373	--	2,557,373
Special education purposes	1,136,899	--	1,136,899
SDRS pension purposes	382,986	13,603	396,589
Unrestricted (Deficit)	<u>2,084,213</u>	<u>(7,999)</u>	<u>2,076,214</u>
<b>TOTAL NET POSITION</b>	<u>\$13,220,113</u>	<u>\$37,875</u>	<u>\$13,257,988</u>

The notes to the financial statements are an integral part of this statement.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
Instruction	\$2,472,964	\$ --	\$215,326	\$ 9,440	\$(2,248,198)		\$(2,248,198)
Support services	2,143,682	35,423	6,107	62,332	(2,039,820)		(2,039,820)
*Interest on long-term debt	108,047	--	--	--	(108,047)		(108,047)
Cocurricular activities	<u>341,458</u>	<u>17,355</u>	<u>--</u>	<u>12,095</u>	<u>(312,008)</u>		<u>(312,008)</u>
<b>Total Governmental Activities</b>	<b><u>5,066,151</u></b>	<b><u>52,778</u></b>	<b><u>221,433</u></b>	<b><u>83,867</u></b>	<b><u>(4,708,073)</u></b>		<b><u>(4,708,073)</u></b>
<b>Business-Type Activities:</b>							
Food service	165,837	74,046	62,839	--		\$(28,952)	(28,952)
Drivers education	<u>(1,254)</u>	<u>2,363</u>	<u>--</u>	<u>--</u>		<u>3,617</u>	<u>3,617</u>
<b>Total Business-Type Activities</b>	<b><u>164,583</u></b>	<b><u>76,409</u></b>	<b><u>62,839</u></b>	<b><u>--</u></b>		<b><u>(25,335)</u></b>	<b><u>(25,335)</u></b>
<b>Total Primary Government</b>	<b><u>\$5,230,734</u></b>	<b><u>\$129,187</u></b>	<b><u>\$284,272</u></b>	<b><u>\$83,867</u></b>	<b><u>(4,708,073)</u></b>	<b><u>(25,335)</u></b>	<b><u>(4,733,408)</u></b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
					4,097,878	--	4,097,878
					343,203	--	343,203
<b>Revenue from state sources:</b>							
					115,653	--	115,653
<b>Grants and contributions not restricted to specific programs</b>							
					719	--	719
					8,914	--	8,914
					18,264	--	18,264
					<u>(1,275)</u>	<u>1,275</u>	<u>--</u>
<b>Total General Revenues and Transfers</b>					<b><u>4,583,356</u></b>	<b><u>1,275</u></b>	<b><u>4,584,631</u></b>
<b>CHANGE IN NET POSITION</b>					<b>(124,717)</b>	<b>(24,060)</b>	<b>(148,777)</b>
<b>NET POSITION - BEGINNING</b>					<b><u>13,344,830</u></b>	<b><u>61,935</u></b>	<b><u>13,406,765</u></b>
<b>NET POSITION - ENDING</b>					<b><u>\$13,220,113</u></b>	<b><u>\$37,875</u></b>	<b><u>\$13,257,988</u></b>

\* The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

The notes to the financial statements are an integral part of this statement.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$2,167,431	\$2,790,018	\$1,243,166	\$6,200,615
Investments	200,000	--	--	200,000
Taxes receivable - current	847,221	415,699	245,710	1,508,630
Taxes receivable - delinquent	15,119	6,592	1,944	23,655
Due from food service fund	3,847	--	--	3,847
Due from federal government	41,275	52,332	45,814	139,421
Due from state government	59,125	--	--	59,125
Due from county government	273,390	--	--	273,390
Prepaid items	<u>85,877</u>	<u>--</u>	<u>--</u>	<u>85,877</u>
<b>TOTAL ASSETS</b>	<b><u>\$3,693,285</u></b>	<b><u>\$3,264,641</u></b>	<b><u>\$1,536,634</u></b>	<b><u>\$8,494,560</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 28,953	\$ 127,340	\$ 3,797	\$ 160,090
Contracts payable	249,071	--	46,944	296,015
Payroll deductions and withholdings and employer matching payable	<u>33,324</u>	<u>--</u>	<u>6,212</u>	<u>39,536</u>
<b>TOTAL LIABILITIES</b>	<b><u>311,348</u></b>	<b><u>127,340</u></b>	<b><u>56,953</u></b>	<b><u>495,641</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	15,119	6,592	1,944	23,655
Taxes levied for future period	<u>1,148,423</u>	<u>579,928</u>	<u>342,782</u>	<u>2,071,133</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>1,163,542</u></b>	<b><u>586,520</u></b>	<b><u>344,726</u></b>	<b><u>2,094,788</u></b>
<b>FUND BALANCES:</b>				
Nonspendable	85,877	--	--	85,877
Restricted	--	2,550,781	1,134,955	3,685,736
Assigned	601,900	--	--	601,900
Unassigned	<u>1,530,618</u>	<u>--</u>	<u>--</u>	<u>1,530,618</u>
<b>TOTAL FUND BALANCES</b>	<b><u>2,218,395</u></b>	<b><u>2,550,781</u></b>	<b><u>1,134,955</u></b>	<b><u>5,904,131</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$3,693,285</u></b>	<b><u>\$3,264,641</u></b>	<b><u>\$1,536,634</u></b>	<b><u>\$8,494,560</u></b>

The notes to the financial statements are an integral part of this statement.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

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Total Fund Balances - Governmental Funds \$ 5,904,131

Amounts reported for governmental activities in the statement of net position are different because:

Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 9,293

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 11,153,157

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds. 916,778

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

CO certificates	\$4,055,000		
Lease liability	\$ 39,515		
Accrued leave	\$ 61,328		
Net OPEB obligation	\$ <u>120,689</u>		(4,276,532)

Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.

Taxes receivable	\$ <u>23,655</u>		23,655
------------------	------------------	--	--------

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (543,085)

OPEB related deferred outflows are components of the total OPEB liability and therefore are not reported in the funds. 50,298

OPEB related deferred inflows are components of the total OPEB liability and therefore are not reported in the funds. (17,582)

Net Position - Governmental Activities \$13,220,113

The notes to the financial statements are an integral part of this statement.



**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$2,217,163	\$1,192,617	\$ 664,681	\$4,074,461
Prior years' ad valorem taxes	10,583	4,603	2,474	17,660
Utility taxes	343,203	--	--	343,203
Penalties and interest on taxes	5,469	3,127	1,594	10,190
Earnings on investments and deposits	6,742	1,689	483	8,914
Cocurricular activities:				
Admissions	17,255	--	--	17,255
Rentals	100	--	--	100
Other revenue from local sources:				
Rentals	100	--	--	100
Contributions and donations	719	12,095	--	12,814
Services provided other school districts	--	--	14,749	14,749
Refund of prior years' expenditures	--	--	490	490
Charges for services	3,387	--	287	3,674
Other	7,333	--	--	7,333
Revenue from Intermediate Sources:				
County sources:				
County apportionment	10,167	--	--	10,167
Revenue for joint facilities	17,000	--	--	17,000
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	115,653	--	--	115,653
Restricted grants-in-aid	6,107	--	--	6,107
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through an intermediate source	4,668	--	--	4,668
Restricted grants-in-aid received directly from the federal government	16,726	--	--	16,726
Restricted grants-in-aid received from federal government through the state	120,435	71,152	74,117	265,704
Other federal revenue	174	--	--	174
<b>TOTAL REVENUES</b>	<u>2,902,984</u>	<u>1,285,283</u>	<u>758,875</u>	<u>4,947,142</u>
<b>EXPENDITURES:</b>				
Instruction:				
Regular programs:				
Elementary	755,538	34,525	--	790,063
Middle/Junior high	351,684	12,036	--	363,720
High school	480,260	42,573	--	522,833
Preschool services	33,395	--	--	33,395
Special programs:				
Programs for special education	--	--	518,985	518,985
Culturally different	18,513	--	--	18,513
Educationally deprived	74,544	--	--	74,544
Support Services:				
Students:				

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Total Governmental Funds</u>
Guidance	138,745	--	--	138,745
Health	11,608	--	--	11,608
Psychological	--	--	8,875	8,875
Speech pathology	--	--	73,403	73,403
Student therapy services	--	--	32,336	32,336
Instructional staff:				
Improvement of instruction	16,964	--	--	16,964
Educational media	100,172	54,972	--	155,144
General administration:				
Board of education	60,449	--	--	60,449
Executive administration	162,595	--	--	162,595
School administration:				
Office of the principal	274,348	--	--	274,348
Other	320	--	--	320
Business:				
Fiscal services	115,637	1,363	--	117,000
Facilities acquisition and construction	--	20,023	--	20,023
Operation and maintenance of plant	645,147	125,983	--	771,130
Student transportation	86,076	--	--	86,076
Central:				
Staff	58	--	--	58
Special education:				
Administrative costs	--	--	11,069	11,069
Other special education costs	--	--	590	590
Debt Services	--	639,152	--	639,152
Cocurricular Activities:				
Male activities	62,511	3,878	--	66,389
Female activities	44,531	7,671	--	52,202
Transportation	8,751	--	--	8,751
Combined activities	124,166	3,290	--	127,456
Capital Outlay	--	414,274	--	414,274
<b>TOTAL EXPENDITURES</b>	<u>3,566,012</u>	<u>1,359,740</u>	<u>645,258</u>	<u>5,571,010</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(663,028)</u>	<u>(74,457)</u>	<u>113,617</u>	<u>(623,868)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	250,000	--	--	250,000
Transfers out	<u>(1,275)</u>	<u>(250,000)</u>	--	<u>(251,275)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>248,725</u>	<u>(250,000)</u>	--	<u>(1,275)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(414,303)	(324,457)	113,617	(625,143)
<b>FUND BALANCE - BEGINNING</b>	<u>2,632,698</u>	<u>2,875,238</u>	<u>1,021,338</u>	<u>6,529,274</u>
<b>FUND BALANCE - ENDING</b>	<u>\$2,218,395</u>	<u>\$2,550,781</u>	<u>\$1,134,955</u>	<u>\$5,904,131</u>

The notes to the financial statements are an integral part of this statement.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

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Net Change in Fund Balances - Total Governmental Funds \$(625,143)

Amounts reported for governmental activities in the statement of activities are different because:

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements. 414,274

This amount represents the current year depreciation/amortization expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources. (483,275)

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.

CO certificates	\$520,000	
Lease	\$ <u>11,105</u>	531,105

In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria." (4,433)

Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.

Sick leave	\$ (6,908)	
Other leave types	\$ <u>238</u>	(6,670)

OPEB related expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (e.g., accrued interest expense, pension expense) (538)

Changes in the pension related deferred outflow/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. 49,963

Change in Net Position of Governmental Activities \$(124,717)

The notes to the financial statements are an integral part of this statement.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Food Service Fund</u>	<u>Other Enterprise Fund</u>	
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 40	\$ 1	\$ 41
Inventories - materials and supplies	400	--	400
Inventories - stores for resale	625	--	625
Inventory of donated food	439	--	439
Prepaid items	<u>2,154</u>	<u>--</u>	<u>2,154</u>
Total Current Assets	<u>3,658</u>	<u>1</u>	<u>3,659</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	30,570	--	30,570
Net pension asset	166	163	329
Capital Assets:			
Machinery and equipment - local funds	120,024	--	120,024
Less: accumulated depreciation	<u>(87,753)</u>	<u>--</u>	<u>(87,753)</u>
Total Noncurrent Assets	<u>63,007</u>	<u>163</u>	<u>63,170</u>
<b>TOTAL ASSETS</b>	<u><b>66,665</b></u>	<u><b>164</b></u>	<u><b>66,829</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related deferred outflows	<u>16,424</u>	<u>16,139</u>	<u>32,563</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>16,424</b></u>	<u><b>16,139</b></u>	<u><b>32,563</b></u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Contracts payable	2,346	--	2,346
Due to general fund	3,847	--	3,847
Payroll deductions and withholdings and employer matching payable	318	--	318
Deposits payable	15,000	--	15,000
Unearned revenue	<u>20,717</u>	<u>--</u>	<u>20,717</u>
<b>TOTAL LIABILITIES</b>	<u><b>42,228</b></u>	<u><b>--</b></u>	<u><b>42,228</b></u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension related deferred inflows	<u>9,729</u>	<u>9,560</u>	<u>19,289</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>9,729</b></u>	<u><b>9,560</b></u>	<u><b>19,289</b></u>
<b>NET POSITION:</b>			
Net investment in capital assets	32,271	--	32,271
Restricted for SDRS pension purposes	6,861	6,742	13,603
Unrestricted net position	<u>(8,000)</u>	<u>1</u>	<u>(7,999)</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 31,132</b></u>	<u><b>\$ 6,743</b></u>	<u><b>\$ 37,875</b></u>

The notes to the financial statements are an integral part of this statement.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
<b>OPERATING REVENUE:</b>			
Food Sales:			
Student	\$ 62,159	\$ --	\$ 62,159
Adult	6,843	--	6,843
Ala carte	4,666	--	4,666
Other charges for goods and services	<u>378</u>	<u>2,363</u>	<u>2,741</u>
<b>TOTAL OPERATING REVENUE</b>	<u>74,046</u>	<u>2,363</u>	<u>76,409</u>
<b>OPERATING EXPENSES:</b>			
Salaries	49,320	3,632	52,952
Employee benefits	24,867	(6,268)	18,599
Purchased services	3,154	982	4,136
Supplies	2,995	--	2,995
Cost of sales - purchased	62,542	--	62,542
Cost of sales - donated	16,349	--	16,349
Other	892	400	1,292
Depreciation/amortization	<u>5,718</u>	<u>--</u>	<u>5,718</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>165,837</u>	<u>(1,254)</u>	<u>164,583</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(91,791)</u>	<u>3,617</u>	<u>(88,174)</u>
<b>NONOPERATING REVENUE:</b>			
State grants	323	--	323
Federal grants	46,939	--	46,939
Donated food	<u>15,577</u>	<u>--</u>	<u>15,577</u>
<b>TOTAL NONOPERATING REVENUE</b>	<u>62,839</u>	<u>--</u>	<u>62,839</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(28,952)	3,617	(25,335)
<b>TRANSFERS IN</b>	<u>--</u>	<u>1,275</u>	<u>1,275</u>
<b>CHANGE IN NET POSITION</b>	(28,952)	4,892	(24,060)
<b>NET POSITION - BEGINNING</b>	<u>60,084</u>	<u>1,851</u>	<u>61,935</u>
<b>NET POSITION - ENDING</b>	<u>\$ 31,132</u>	<u>\$ 6,743</u>	<u>\$ 37,875</u>

The notes to the financial statements are an integral part of this statement.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Food Service Fund</u>	<u>Other Enterprise Fund</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from customers	\$ 91,930	\$ 2,763	\$ 94,693
Cash payments to employees for services	(72,722)	(7,973)	(80,695)
Cash payments to suppliers of goods or services	(71,428)	(1,981)	(73,409)
Net cash used by operating activities	<u>(52,220)</u>	<u>(7,191)</u>	<u>(59,411)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from General Fund	--	1,275	1,275
Due to General Fund	4,257	--	4,257
Operating grants	<u>48,870</u>	<u>--</u>	<u>48,870</u>
Net cash flows from noncapital financing activities	<u>53,127</u>	<u>1,275</u>	<u>54,402</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
	<u>--</u>	<u>--</u>	<u>--</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	907	(5,916)	(5,009)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>29,703</u>	<u>5,917</u>	<u>35,620</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 30,610</u>	<u>\$ 1</u>	<u>\$ 30,611</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES</u></b>			
<b>OPERATING INCOME (LOSS)</b>	\$ (91,791)	\$ 3,617	\$(88,174)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</b>			
Depreciation/amortization	5,718	--	5,718
Value of donated commodities used	16,349	--	16,349
Change in assets and liabilities:			
Receivables	--	400	400
Inventories	(446)	--	(446)
Net pension asset	13,551	(163)	13,388
Pension related deferred outflows	4,435	(16,139)	(11,704)
Prepaid expenses	(1,399)	--	(1,399)
Accounts and other payables	10	(874)	(864)
Contracts payable	95	(3,592)	(3,497)
Deposit payable	15,000	--	15,000
Pension related deferred inflows	(16,626)	9,560	(7,066)
Unearned revenue	<u>2,884</u>	<u>--</u>	<u>2,884</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (52,220)</u>	<u>\$ (7,191)</u>	<u>\$(59,411)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Value of commodities received	\$ 15,577	\$ --	\$ 15,577

The notes to the financial statements are an integral part of this statement.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

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	<u>Custodial Funds</u>
ASSETS:	
Cash and cash equivalents	\$73,596
TOTAL ASSETS	<u>\$73,596</u>
NET POSITION:	
Restricted for:	
Individuals, organizations, and other governments	<u>\$73,596</u>
TOTAL NET POSITION	<u>\$73,596</u>

The notes to the financial statements are an integral part of this statement.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 2023**

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	<u>Custodial Funds</u>
ADDITIONS:	
Collections for student activities	\$ <u>129,337</u>
TOTAL ADDITIONS	<u>129,337</u>
DEDUCTIONS:	
Payments for student activities	<u>111,747</u>
TOTAL DEDUCTIONS	<u>111,747</u>
CHANGE IN NET POSITION	17,590
NET POSITION - BEGINNING	<u>56,006</u>
NET POSITION - ENDING	\$ <u>73,596</u>

The notes to the financial statements are an integral part of this statement.



**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

a. **Financial Reporting Entity:**

The reporting entity of Agar-Blunt-Onida School District No 58-3 (School District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

b. **Basis of Presentation:**

**Government-Wide Financial Statements:**

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

**Fund Financial Statements:**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 1 - (Continued)

categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the School District financial reporting entity are described below within their respective fund types:

**Governmental Funds:**

**General Fund** - A fund established by South Dakota Codified Law (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding Capital Outlay Fund and Special Education Fund expenditures. The General Fund is always a major fund.

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

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

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

**Proprietary Funds:**

**Enterprise Funds** - Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit - even if that government is not expected to make any payments - is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 1 - (Continued)

- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Food Service Fund - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Drivers Education Fund - A fund used to record financial transactions related to the drivers' education operations. This fund is financed by user charges. This is not a major fund and is the only "other enterprise fund" in the Enterprise Fund financial statements.

Fiduciary Funds:

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

Custodial Funds - Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The School District maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and school organizations.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 1 - (Continued)

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the School District is 60 days. The revenues which are accrued at June 30, 2023, are for federal reimbursement and for property taxes.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenues, where asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are reported as a deferred inflow of resources.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 1 - (Continued)

e. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

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

f. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

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

Government-Wide Financial Statements:

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

The total June 30, 2023 balance of capital assets for governmental activities includes approximately 14 percent for which the costs were determined by estimates of the original costs. The total June 30, 2023 balance of capital assets for business-type activities includes approximately 26 percent for which the values were determined by estimates of the original costs. These estimated original costs were established by appraisals.

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

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

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 1 - (Continued)

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

	<u>Capitalization Threshold</u>	<u>Depreciation/ Amortization Method</u>	<u>Estimated Useful Life</u>
Land	\$ --	N/A	N/A
Buildings and Improvements	\$ 25,000	Straight-line	50 years
Machinery and Equipment - Governmental	\$ 5,000	Straight-line	7 - 20 years
Machinery and Equipment - Proprietary	\$ 500	Straight-line	10 - 15 years

Land is an inexhaustible capital asset and is not depreciated.

**Fund Financial Statements:**

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

**g. Long-Term Liabilities:**

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of accrued leave payable, lease liabilities, capital outlay certificates payable, and other post-employment benefits liabilities.

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

**h. Leases:**

Lessee:

The School District is a lessee for a noncancellable lease of copiers. 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 \$1 or more.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 1 - (Continued)

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

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

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

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

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

i. Program Revenues:

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

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

j. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 1 - (Continued)

of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

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

k. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

l. Cash and Cash Equivalents:

For the purpose of preparing the Statement of Cash Flows, the School District considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents.

m. Equity Classifications:

Government-Wide Financial Statements:

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

1. Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.



**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 1 - (Continued)

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 for purposes for which both restricted and unrestricted net position are available.

o. Fund Balance Classification Policies and Procedures:

In accordance with Governmental Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the School District classifies governmental fund balances as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the School Board.

Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the following:

Amount reported in non-spendable form such as prepaid expenses.

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

The Government does not have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

Major Special Revenue Fund

Capital Outlay Fund

Special Education Fund

Revenue Source

Property Taxes

Grants and Property Taxes

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

NOTE 1 - (Continued)

A schedule of fund balances is provided as follows:

Agar-Blunt-Onida School District No 58-3  
 Disclosure of Fund Balances Reported on Balance Sheet  
 Governmental Funds  
 June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Prepaid expenses	\$ 85,877	\$ --	\$ --	\$ 85,877
Restricted for:				
Capital Outlay Fund	--	2,550,781	--	2,550,781
Special Education Fund	--	--	1,134,955	1,134,955
Assigned to:				
Unemployment	23,350	--	--	23,350
Subsequent year's budget	578,550	--	--	578,550
Unassigned	<u>1,530,618</u>	<u>--</u>	<u>--</u>	<u>1,530,618</u>
<b>Total Fund Balances</b>	<b><u>\$2,218,395</u></b>	<b><u>\$2,550,781</u></b>	<b><u>\$1,134,955</u></b>	<b><u>\$5,904,131</u></b>

p. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. School District contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

NOTE 2 - IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2023, the School District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements accounting standard. This statement changes the way that subscription-based information technology arrangements are reported. The effect of the implementation of this standard had no effect on the financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The School District follows the practice of aggregating the cash assets of all the funds except for the Food Service Fund and the Custodial Funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 3 - (Continued)

Deposits - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

As of June 30, 2023, the School District investments reported in the financial statements consist of only certificates of deposit.

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

Concentration of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the School District's investments are in certificates of deposits - 100%.

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 investments to the fund making the investment.

NOTE 4 - RESTRICTED CASH AND INVESTMENTS

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

<u>Amount:</u>	<u>Purpose:</u>
\$15,570	Food Service restriction for certain foods as required by the federal government.
\$15,000	Food Service restriction for students' lunch bills.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 5 - RECEIVABLES AND PAYABLES**

Receivables and payables are aggregated in the Statement of Net Position. However, the detail of all receivables and current payables is shown in the Governmental Funds Balance Sheet. Unavailable revenue - property taxes, which is shown as a current liability on the Governmental Funds Balance Sheet, is also shown on the Statement of Net Position, with the difference of \$23,655 between the two statements shown as a reconciling item on the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position. The detail of the noncurrent liabilities on the Statement of Net Position is shown at Note 9. The School District expects all receivables to be collected within one year. Appropriate allowances for estimated uncollectables have been established as follows:

They have been estimated as immaterial, with an allowance balance of zero.

**NOTE 6 - INVENTORY**

Inventory held for consumption is stated at cost.

Inventory for resale is stated at the lower of cost or market. The cost valuation method is first-in, first-out (FIFO). Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the government-wide financial statements and in the enterprise fund financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. There was no inventory reported in the governmental fund financial statements for the year ended June 30, 2023.

**NOTE 7 - PROPERTY TAXES**

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflow of resources-property taxes levied for future period in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period".

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 - CHANGES IN CAPITAL ASSETS**

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

Primary Government

	<u>Balance</u> <u>07/01/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2023</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated/ amortized:				
Land	\$ 11,430	\$ --	\$ --	\$ 11,430
Construction in progress	<u>159,330</u>	<u>203,750</u>	<u>159,330</u>	<u>203,750</u>
Total, not being depreciated/amortized:	<u>170,760</u>	<u>203,750</u>	<u>159,330</u>	<u>215,180</u>
Capital assets, being depreciated/ amortized:				
Buildings	11,381,606	157,487	--	11,539,093
Improvements	2,706,518	91,663	--	2,798,181
Machinery and equipment	1,727,681	120,704	--	1,848,385
Intangible lease assets	<u>57,841</u>	<u>--</u>	<u>--</u>	<u>57,841</u>
Total, being depreciated/amortized	<u>15,873,646</u>	<u>369,854</u>	<u>--</u>	<u>16,243,500</u>
Less accumulated depreciation/ amortization for:				
Buildings	2,622,651	133,254	--	2,755,905
Improvements	940,881	255,731	--	1,196,612
Machinery and equipment	1,247,148	82,722	--	1,329,870
Intangible lease assets	<u>11,568</u>	<u>11,568</u>	<u>--</u>	<u>23,136</u>
Total accumulated depreciation/ amortization	<u>4,822,248</u>	<u>483,275</u>	<u>--</u>	<u>5,305,523</u>
Total capital assets, being depreciated/amortized, net	<u>11,051,398</u>	<u>(113,421)</u>	<u>--</u>	<u>10,937,977</u>
Governmental activity capital assets, net	<u>\$11,222,158</u>	<u>\$ 90,329</u>	<u>\$159,330</u>	<u>\$11,153,157</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:

Instruction	\$175,290
Support services	218,752
Cocurricular activities	<u>89,233</u>
Total depreciation/amortization expense - governmental activities	<u>\$483,275</u>

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 - (Continued)**

	<u>Balance</u> <u>07/01/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2023</u>
Business-type activities:				
Capital assets, being depreciated/amortized:				
Machinery and equipment	\$120,024	\$ --	\$ --	\$120,024
Less accumulated depreciation/amortization for:				
Machinery and equipment	<u>82,035</u>	<u>5,718</u>	<u>--</u>	<u>87,753</u>
Business-type activity capital assets, net	<u>\$ 37,989</u>	<u>\$(5,718)</u>	<u>\$ --</u>	<u>\$ 32,271</u>

Depreciation/amortization expense was charged to functions as follows:

Business-type activities:	
Food services	<u>\$5,718</u>

Construction Work in Progress at June 30, 2023, is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended Thru</u> <u>6/30/2023</u>	<u>Committed</u>	<u>Required Future Financing</u>
AHU Upgrades	<u>\$225,000</u>	<u>\$203,750</u>	<u>\$21,250</u>	<u>\$ --</u>
Total	<u>\$225,000</u>	<u>\$203,750</u>	<u>\$21,250</u>	<u>\$ --</u>

**NOTE 9 - LONG-TERM LIABILITIES**

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

**PRIMARY GOVERNMENT**

**Governmental Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital outlay certificates	\$4,575,000	\$ --	\$520,000	\$4,055,000	\$535,000
Leases	50,620	--	11,105	39,515	11,443
Compensated absences	54,658	6,670	--	61,328	13,461
OPEB liability	<u>87,435</u>	<u>33,254</u>	<u>--</u>	<u>120,689</u>	<u>--</u>
Total Governmental Activities	<u>\$4,767,713</u>	<u>\$39,924</u>	<u>\$531,105</u>	<u>\$4,276,532</u>	<u>\$559,904</u>

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

NOTE 9 - (Continued)

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

Liabilities payable at June 30, 2023, are comprised of the following:

**PRIMARY GOVERNMENT**

**Governmental Activities:**

**Capital Outlay Certificates:**

Requires semi-annual payments of not more than \$633,820 for the year, from the Capital Outlay Fund with a varying interest rate from 2.0% to 3.0% with the final payment to be made December 1, 2029. \$4,055,000

**Compensated Absences:**

Accrued sick leave - to be paid by the General Fund and Special Education Fund. \$ 47,844

Accrued personal leave - to be paid by the General Fund and Special Education Fund. \$ 11,211

Accrued vacation leave - to be paid by the General Fund. \$ 2,273

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

**Annual Requirements to Maturity for Long-Term Debt**  
**June 30, 2023**

Year Ending June 30,	Capital Outlay Certificates Payable		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 535,000	\$ 90,195	\$11,443	\$1,029	\$ 546,443	\$ 91,224
2025	550,000	73,920	11,791	681	561,791	74,601
2026	565,000	57,195	12,150	322	577,150	57,517
2027	585,000	42,870	4,131	26	589,131	42,896
2028	595,000	31,070	--	--	595,000	31,070
2029-2030	<u>1,225,000</u>	<u>25,580</u>	<u>--</u>	<u>--</u>	<u>1,225,000</u>	<u>25,580</u>
<b>Totals</b>	<b><u>\$4,055,000</u></b>	<b><u>\$320,830</u></b>	<b><u>\$39,515</u></b>	<b><u>\$2,058</u></b>	<b><u>\$4,094,515</u></b>	<b><u>\$322,888</u></b>

NOTE 10 - LEASES

The School District has one lease for four copiers which is being paid out of the Capital Outlay Fund. The lease began in October 2021 and will run for 60 months.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 10 - (Continued)

The future principal and interest lease payment schedule is shown in Note 9.

NOTE 11 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSACTIONS:

Interfund receivable and payable balances at June 30, 2023, were:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$3,847	\$ --
Food Service Fund	\$ --	\$3,847

NOTE 12 - RESTRICTED NET POSITION

Restricted net position for the year ended June 30, 2023, was as follows:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Funds:		
Capital Outlay Purposes	Law	\$2,557,373
Special Education Purposes	Law	1,136,899
SDRS Pension Purposes	Law	<u>396,589</u>
Total Restricted Net Position		<u>\$4,090,861</u>

These balances are restricted due to statutory requirements.

NOTE 13 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023, were as follows:

<u>Transfers From:</u>	<u>Transfers To</u>		<u>Total</u>
	<u>General Fund</u>	<u>Other Enterprise Fund</u>	
Major Funds:			
General Fund	\$ --	\$1,275	\$ 1,275
Capital Outlay Fund	<u>250,000</u>	<u>--</u>	<u>250,000</u>
Total	<u>\$250,000</u>	<u>\$1,275</u>	<u>\$251,275</u>

The School District transferred money from the General Fund to the Drivers Education Fund to provide money for the general operation of the drivers education program. The Capital Outlay Fund transferred money to the General Fund to provide money to help with general operation.



**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 14 - PENSION PLAN**

**Plan Information:**

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

**Benefits Provided:**

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than 3.5%.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 14 - (Continued)

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

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

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

**Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2023, 2022 and 2021, were \$149,044, \$145,880, and \$143,584, respectively, equal to the required contributions each year.

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

At June 30, 2022, SDRS is 100.10% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of this measurement period ended June 30, 2022, and reported by the School District as of June 30, 2023, are as follows:

Proportionate share of pension liability	\$ 14,373,683
Less proportionate share of net pension restricted for pension benefits	<u>(14,383,305)</u>
Proportionate share of net pension asset	\$ <u>    (9,622)</u>

At June 30, 2023, the School District reported an asset of \$9,622 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the School District's proportion was .101821%, which is a decrease of .003632% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized reduction of expense of \$55,345. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$183,176	\$ 625

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

NOTE 14 - (Continued)

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Changes in assumption	611,591	535,977
Net difference between projected and actual earnings on pension plan investments	--	23,060
Changes in proportion and difference between School District contributions and proportionate share of contributions	5,530	2,712
School District contributions subsequent to the measurement date	<u>149,044</u>	<u>--</u>
<b>Total</b>	<b><u>\$949,341</u></b>	<b><u>\$562,374</u></b>

\$149,044 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ending June 30:

2024	\$ 62,427
2025	135,012
2026	(150,789)
2027	<u>191,273</u>
<b>Total</b>	<b><u>\$237,923</u></b>

**Actuarial Assumptions:**

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

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

**Mortality Rates:**

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

Active and Terminated Vested Members:

Teachers, Certified Regents and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 14 - (Continued)**

**Retired Members:**

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

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

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

**Beneficiaries:**

PubG-2010 contingent survivor mortality table

**Disabled Members:**

Public Safety : PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	<u>2.0%</u>	0.4%
Total	<u>100.0%</u>	

**Discount Rate:**

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

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 14 - (Continued)

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ <u>1,998,070</u>	\$ <u>(9,622)</u>	\$ <u>(1,650,438)</u>

**Pension Plan Fiduciary Net Position:**

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

NOTE 15 - POST-EMPLOYMENT HEALTHCARE PLAN

**Plan Description:**

Agar-Blunt-Onida School District Health Plan is a single-employer defined benefit medical plan administered by the School District. This plan provides medical insurance benefits to eligible current employees, as well as retirees meeting eligibility requirements. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare or reach the age of 65. SDCL 6-1-16 specifically allows any School District to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the School District. Benefit provisions were established and may be amended during the negotiated agreement process between certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

**Benefits Provided:**

Any School District employee who is not less than sixty years of age and has at least twenty years of employment with the School District and who intends to retire from the School District may elect to maintain membership in the School District's major/medical health insurance program at the employee's sole expense. No dependent coverage of any kind is available under this provision for participation in the School District's major/medical health insurance program. Participation in the School District's major/medical health insurance program will be available to the retiree until the retiree reaches the age of sixty-five or until eligibility for Medicare.

**Employees Covered by Benefit Terms:**

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees	6
Active employees	<u>54</u>
	<u>60</u>

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 15 - (Continued)

Total OPEB Liability:

The School District's total OPEB liability of \$120,689 was measured as of June 30, 2023, and was determined through an actuarial valuation as of that date. The School District's obligation is unfunded at June 30, 2023. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Actuarial Assumptions:

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Interest Discount Rate	3.54% per year, based upon the Bond Buyer General Obligation 20-Year Tax-Exempt Municipal Bond Yield
Mortality	97% of RP-2014 Mortality Table, white collar table for females, total dataset for males, adjusted to 2006 and projected generationally with Scale MP-2021
Annual Medical Trend Rate	5.7% for 2023, 5.4% for 2024, 5.1% for 2025, 4.9% for 2026, 4.8% for 2027, 4.7% for 2028, 4.6% for 2029, 4.5% for 2030, 4.4% for 2031-2038, 4.3% for 2039-2044, 4.2% for 2045-2066, 4.1% for 2067-2068, 4.0% for 2069-2070, 3.9% for 2071-2072, 3.8% for 2073-2074, and 3.7% thereafter based on current Society of Actuaries published Getzen Long-Term Healthcare Costs Trend Resource Model.
Annual Dental Trend Rate	5.0% for 2023-2025, 4.9% for 2026, 4.8% for 2027, 4.7% for 2028, 4.6% for 2029, 4.5% for 2030, 4.4% for 2031-2038, 4.3% for 2039-2044, 4.2% for 2045-2066, 4.1% for 2067-2068, 4.0% for 2069-2070, 3.9% for 2071-2072, 3.8% for 2073-2074, 3.7% for 2075 and thereafter, based on current Society of Actuaries published Getzen Long-Term Healthcare Costs Trend Resource Model.
Salary Adjustment Factors	6.5% increase for 0 years service, 6% for 1 year, 5.55% for 2 years, 5.3% for 3 years, 5.15% for 4 years, 4.25% for 10 years, 3.76% for 15 years, 3.36% for 20 years, 3.05% for 25 years, and 3% for 25+ years.

Changes in the Total OPEB Liability:

Balance at June 30, 2022	\$87,435
Changes for the year:	

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 15 - (Continued)

Service cost	3,531
Interest on total OPEB liability	1,876
Effect of economic/demographic gains or losses	55,615
Effect of assumptions changes or inputs	(19,441)
Benefit payments	<u>(8,327)</u>
Net Changes	<u>33,254</u>
Balance at June 30, 2023	<u>\$120,689</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current discount rate:

	<u>1% Decrease</u> (2.54%)	<u>Discount Rate</u> (3.54%)	<u>1% Increase</u> (4.54%)
Total OPEB Liability	\$134,777	\$120,689	\$108,873

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates.

	<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$106,143	\$120,689	\$138,763

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2023, the School District recognized OPEB expense of \$538. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>Of Resources</u>	<u>Deferred Inflows</u> <u>Of Resources</u>
Difference between expected and actual experience	\$50,298	\$ --
Changes of assumptions	--	<u>17,582</u>
Total	<u>\$50,298</u>	<u>\$17,582</u>

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

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 15 - (Continued)

Amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,

2024	\$3,458
2025	3,458
2026	3,458
2027	3,458
2028	3,458
Thereafter	15,426

NOTE 16 - RISK MANAGEMENT

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

Employee Health Insurance:

The School District joined the Northern Plains Insurance Pool. This is a risk pool currently operating as a common risk management and insurance program for local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases coverage from either Sanford Health Plan or Dakotacare Administrative Services with the premiums it receives from the members.

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

Liability Insurance:

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

Workers' Compensation:

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

Unemployment Benefits:

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

The School District has Assigned Fund Balance in the General Fund in the amount of \$23,350 for the payment of future unemployment benefits.



**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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NOTE 16 - (Continued)

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

NOTE 17 - LITIGATION

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

NOTE 18 - SUBSEQUENT EVENTS

The School District has evaluated all subsequent events through January 24, 2024, the date on which the financial statements were available to be issued. The School District has determined there are none.

**REQUIRED SUPPLEMENTARY INFORMATION**

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$1,918,155	\$1,918,155	\$2,217,163	\$ 299,008
Prior years' ad valorem taxes	18,000	18,000	10,583	(7,417)
Utility taxes	300,000	300,000	343,203	43,203
Penalties and interest on taxes	6,500	6,500	5,469	(1,031)
Earnings on investments and deposits	3,500	3,500	6,742	3,242
Cocurricular activities:				
Admissions	17,500	17,500	17,255	(245)
Rentals	--	--	100	100
Other revenue from local sources:				
Rentals	150	150	100	(50)
Contributions and donations	500	500	719	219
Charges for services	5,000	5,000	3,387	(1,613)
Other	5,700	5,700	7,333	1,633
Revenue from Intermediate Sources:				
County sources:				
County apportionment	25,000	25,000	10,167	(14,833)
Revenue in lieu of taxes	175	175	--	(175)
Revenue for joint facilities	17,000	17,000	17,000	--
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	130,500	130,500	115,653	(14,847)
Restricted grants-in-aid	--	--	6,107	6,107
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through an intermediate source	1,250	1,250	4,668	3,418
Restricted grants-in-aid received directly from federal government	12,500	12,500	16,726	4,226
Restricted grants-in-aid received from federal government through the state	162,825	162,825	120,435	(42,390)
Other federal revenue	--	--	174	174
<b>TOTAL REVENUES</b>	<u>2,624,255</u>	<u>2,624,255</u>	<u>2,902,984</u>	<u>278,729</u>
<b>EXPENDITURES:</b>				
Instruction:				
Regular programs:				
Elementary	802,820	802,820	755,538	47,282
Middle/Junior high	369,085	369,085	351,684	17,401

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
High school	504,250	506,250	480,260	25,990
Preschool services	32,655	33,400	33,395	5
Special programs:				
Culturally different	20,270	20,270	18,513	1,757
Educationally deprived	74,778	74,778	74,544	234
Support Services:				
Students:				
Guidance	159,588	159,588	138,745	20,843
Health	9,550	10,570	11,608	(1,038)
Instructional staff:				
Improvement of instruction	9,275	11,655	16,964	(5,309)
Educational media	112,310	112,310	100,172	12,138
General administration:				
Board of education	76,300	76,300	60,449	15,851
Executive administration	175,735	175,735	162,595	13,140
School administration:				
Office of the principal	278,975	278,975	274,348	4,627
Other	--	--	320	(320)
Business:				
Fiscal services	121,935	124,435	115,637	8,798
Operation and maintenance of plant	700,320	700,320	645,147	55,173
Student transportation services	78,870	82,370	86,076	(3,706)
Central:				
Staff	325	325	58	267
Cocurricular Activities:				
Male activities	54,355	63,160	62,511	649
Female activities	44,970	44,970	44,531	439
Transportation	9,450	9,450	8,751	699
Combined activities	135,260	135,260	124,166	11,094
Contingencies	100,000	100,000		
Amount transferred		<u>(20,950)</u>		<u>79,050</u>
TOTAL EXPENDITURES	<u>3,871,076</u>	<u>3,871,076</u>	<u>3,566,012</u>	<u>305,064</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,246,821)</u>	<u>(1,246,821)</u>	<u>(663,028)</u>	<u>583,793</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	250,000	250,000	250,000	--
Transfers out	<u>(12,925)</u>	<u>(12,925)</u>	<u>(1,275)</u>	<u>11,650</u>

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2023**  
**(Continued)**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>237,075</u>	<u>237,075</u>	<u>248,725</u>	<u>11,650</u>
NET CHANGE IN FUND BALANCES	(1,009,746)	(1,009,746)	(414,303)	595,443
FUND BALANCE - BEGINNING	<u>2,632,698</u>	<u>2,632,698</u>	<u>2,632,698</u>	--
FUND BALANCE - ENDING	<u>\$1,622,952</u>	<u>\$1,622,952</u>	<u>\$2,218,395</u>	<u>\$ 595,443</u>

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - CAPITAL OUTLAY FUND -**  
**BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$1,335,025	\$1,335,025	\$1,192,617	\$(142,408)
Prior years' ad valorem taxes	17,985	17,985	4,603	(13,382)
Penalties and interest on taxes	3,500	3,500	3,127	(373)
Earnings on investments and deposits	1,500	1,500	1,689	189
Other revenue from local sources:				
Contributions and donations	--	--	12,095	12,095
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received from the federal government through the state	<u>100,000</u>	<u>100,000</u>	<u>71,152</u>	<u>(28,848)</u>
<b>TOTAL REVENUES</b>	<u>1,458,010</u>	<u>1,458,010</u>	<u>1,285,283</u>	<u>(172,727)</u>
<b>EXPENDITURES:</b>				
Instruction:				
Regular programs:				
Elementary	50,000	50,000	34,525	15,475
Middle/Junior high	22,000	22,000	12,036	9,964
High school	32,500	46,500	48,593	(2,093)
Support Services:				
Instructional staff:				
Educational media	90,000	90,000	57,680	32,320
Business:				
Fiscal services	--	--	1,363	(1,363)
Facilities acquisition and construction	175,000	328,825	307,573	21,252
Operation and maintenance of plant	165,000	232,000	197,330	34,670
Student transportation services	--	--	34,554	(34,554)
Debt Services	627,220	627,220	639,152	(11,932)
Cocurricular Activities:				
Male activities	7,000	7,000	3,878	3,122
Female activities	2,000	7,675	7,671	4
Combined activities	<u>13,500</u>	<u>18,240</u>	<u>15,385</u>	<u>2,855</u>
<b>TOTAL EXPENDITURES</b>	<u>1,184,220</u>	<u>1,429,460</u>	<u>1,359,740</u>	<u>69,720</u>

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	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>273,790</u>	<u>28,550</u>	<u>(74,457)</u>	<u>(103,007)</u>
OTHER FINANCING USES:				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>--</u>
TOTAL OTHER FINANCING USES	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	23,790	(221,450)	(324,457)	(103,007)
FUND BALANCE - BEGINNING	<u>2,875,238</u>	<u>2,875,238</u>	<u>2,875,238</u>	<u>--</u>
FUND BALANCE - ENDING	<u>\$2,899,028</u>	<u>\$2,653,788</u>	<u>\$2,550,781</u>	<u>\$(103,007)</u>

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND -**  
**BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 582,970	\$ 582,970	\$ 664,681	\$ 81,711
Prior years' ad valorem taxes	4,000	4,000	2,474	(1,526)
Penalties and interest on taxes	1,500	1,500	1,594	94
Earnings on investments and deposits	500	500	483	(17)
Other revenue from local sources:				
Services provided other school districts	14,745	14,745	14,749	4
Refund of prior year's expenditures	--	--	490	490
Charges for services	550	550	287	(263)
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	<u>74,117</u>	<u>74,117</u>	<u>74,117</u>	<u>--</u>
<b>TOTAL REVENUES</b>	<u><b>678,382</b></u>	<u><b>678,382</b></u>	<u><b>758,875</b></u>	<u><b>80,493</b></u>
<b>EXPENDITURES:</b>				
Instruction:				
Special programs:				
Programs for special education	572,398	572,398	518,985	53,413
Support Services:				
Students:				
Psychological	11,500	11,500	8,875	2,625
Speech pathology	75,400	75,400	73,403	1,997
Student therapy services	40,650	40,650	32,336	8,314
Special education:				
Administrative costs	11,330	11,330	11,069	261
Other special education costs	<u>--</u>	<u>590</u>	<u>590</u>	<u>--</u>
<b>TOTAL EXPENDITURES</b>	<u><b>711,278</b></u>	<u><b>711,868</b></u>	<u><b>645,258</b></u>	<u><b>66,610</b></u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(32,896)</b>	<b>(33,486)</b>	<b>113,617</b>	<b>147,103</b>
<b>FUND BALANCE - BEGINNING</b>	<u><b>1,021,338</b></u>	<u><b>1,021,338</b></u>	<u><b>1,021,338</b></u>	<u><b>--</b></u>
<b>FUND BALANCE - ENDING</b>	<u><b>\$ 988,442</b></u>	<u><b>\$ 987,852</b></u>	<u><b>\$1,134,955</b></u>	<u><b>\$147,103</b></u>



**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH**  
**MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET**  
**JUNE 30, 2023**

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NOTE 1 - Budgets and Budgetary Accounting

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

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
11. Budgets for the General Fund and each major Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 2 - USGAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however, in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Student Transportation function of government, along with all other current Student Transportation related expenditures.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO. 58-3**  
**SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY**  
**AND RELATED RATIOS**  
**YEAR ENDED JUNE 30, 2023**

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	Last 3 Fiscal Years*		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability:			
Service cost	\$ 3,531	\$ 3,421	\$ 1,674
Interest cost	1,876	1,885	845
Effect of plan changes	--	--	79,359
Effect of economic/demographic gains or losses	55,615	--	--
Effect of assumptions changes or inputs	(19,441)	251	--
Benefit payments	<u>(8,327)</u>	<u>--</u>	<u>--</u>
Net change in OPEB liability	33,254	5,557	81,878
Total OPEB liability - beginning	<u>87,435</u>	<u>81,878</u>	<u>--</u>
Total OPEB liability - ending	<u>\$ 120,689</u>	<u>\$ 87,435</u>	<u>\$ 81,878</u>
Covered payroll	\$2,418,312	\$2,431,836	\$2,358,413
District's total OPEB liability as a percentage of covered payroll	4.99%	3.60%	3.47%

\*GASB Statement 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO. 58-3**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**OPEB SCHEDULE**  
**YEAR ENDED JUNE 30, 2023**

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**Plan Assets:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Changes in Benefits:**

- None

**Changes in Assumptions:**

- None

**Changes in Experience:**

- None

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY (ASSET)**  
**SOUTH DAKOTA RETIREMENT SYSTEM**

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	Last 9 Fiscal Years*								
	(Dollar amounts in thousands)								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1018210%	0.1054530%	0.1008118%	0.0991269%	0.0958181%	0.0905891%	0.0966214%	0.0952238%	0.0963418%
District's proportionate share of net pension liability (asset)	\$ (10)	\$ (808)	\$ (4)	\$ (11)	\$ (2)	\$ (8)	\$ 326	\$ (404)	\$ (694)
District's covered payroll	\$ 2,431	\$2,393	\$2,211	\$2,108	\$1,992	\$1,841	\$1,837	\$1,739	\$1,685
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.41%	33.77%	0.18%	0.52%	0.10%	0.43%	17.75%	23.23%	41.19%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

\* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of the previous fiscal year. Until a full 10-year trend is compiled, the School District will present the information for those years for which information is available.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE SCHOOL DISTRICT PENSION CONTRIBUTIONS**  
**SOUTH DAKOTA RETIREMENT SYSTEM**

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	Last 10 Fiscal Years (Dollar amounts in thousands)									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 149	\$ 146	\$ 144	\$ 133	\$ 126	\$ 120	\$ 110	\$ 110	\$ 104	\$ 101
Contributions in relation to the contractually required contribution	\$ 149	\$ 146	\$ 144	\$ 133	\$ 126	\$ 120	\$ 110	\$ 110	\$ 104	\$ 101
District's covered payroll	\$2,484	\$2,431	\$2,393	\$2,211	\$2,108	\$1,992	\$1,841	\$1,837	\$1,739	\$1,685
Contributions as a percentage of covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**AND SCHEDULE OF PENSION CONTRIBUTIONS**  
**JUNE 30, 2023**  
**(Continued)**

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**Changes from Prior Valuation:**

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

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

**Benefit Provision Changes:**

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

**Actuarial Assumption Changes:**

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

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

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

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

**AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**AND SCHEDULE OF PENSION CONTRIBUTIONS**  
**JUNE 30, 2023**  
**(Continued)**

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

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

**Actuarial Method Changes:**

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