

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3

SCHOOL DISTRICT OFFICIALS

JUNE 30, 2020

Board Members:

Robert Graff, Chairman
Tory Smith
Jeff Todd
Cheri Wittler
Kimberley Farries
Megan Jaeger
Melani Paiz

Superintendent:

Kevin Pickner

Business Manager:

Mary Sieck

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, 2020, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 29, 2020.

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) to determine the 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 did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings that we consider to be material weaknesses as items #2020-01 and #2020-02.

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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Current Audit Findings as items #2020-03 and #2020-04.

School District's Response to Findings

The School District's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

December 29, 2020

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2020

Prior Audit Findings:

Finding #2019-01

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 Agency 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 #2020-01.

Finding #2019-02

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 #2020-02.

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
SCHEDULE OF CURRENT AUDIT FINDINGS
JUNE 30, 2020

CURRENT AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

Finding #2020-01

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 cash, revenues, receivables, payables, payroll, inventory, capital assets, indebtedness, equity, and the preparation of Trust and Agency 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 cash, revenues, receivables, payables, payroll, inventory, capital assets, indebtedness, equity, and the preparation of Trust and Agency 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 cash, revenues, receivables, payables, payroll, inventory, capital assets, indebtedness, equity, and the preparation of Trust and Agency 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 cash, revenues, receivables, payables, payroll, inventory, capital assets, indebtedness, equity, and the preparation of Trust and Agency receipts, disbursements and bank reconciliations continues to exist.

Finding #2020-02

Criteria

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
SCHEDULE OF CURRENT AUDIT FINDINGS
JUNE 30, 2020
(Continued)

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:

Finding #2020-03

Criteria

Per South Dakota Codified Law (SDCL) 13-11-2, the School Board is required to approve a budget for the anticipated obligations of each fund for the School District's fiscal year, except for trust and agency funds, and not exceed the budgeted appropriations total of each fund. Any changes in the proposed budget incorporated into the final budget shall be published in the minutes within thirty days after the final adoption of the budget.

Condition Found

The School District went overbudget in the Capital Outlay Fund by \$5,486,007.

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
SCHEDULE OF CURRENT AUDIT FINDINGS
JUNE 30, 2020
(Continued)

Cause

The School District had total expenditures in the Capital Outlay Fund which exceeded the total amounts appropriated for the year.

Effect

Budgets are required for all funds. Per SDCL 13-11-2, expenditures are limited to the appropriated amounts.

Recommendation

We recommend that the School District prepare a budget for all funds, limit expenditures to the amount budgeted, or adopt a supplemental budget or make contingency transfers for small deficits.

Views of Responsible Officials

Robert Graff is the contact person responsible for the corrective action plan for this comment. He stated, "The District will monitor the District's budget more closely and adopt supplemental budgets as needed."

Finding #2020-04

Criteria

SDCL 5-18-18.3 requires School Districts to bid certain items that they purchase, including purchases of \$100,000 or more for public improvements and purchases of \$50,000 or more for materials, building supplies, or equipment, with certain exceptions.

Condition Found

The School District did not follow proper bidding procedures in regards to the elementary school renovation project.

Cause

The School District did a renovation project and not all items associated with the project were properly bid.

Effect

There were items that were not properly bid before they were purchased. Therefore, they were not in accordance with South Dakota Codified Law.

Recommendation

We recommend that the School Board properly bid all items that are required to be bid before they are purchased.

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
SCHEDULE OF CURRENT AUDIT FINDINGS
JUNE 30, 2020
(Continued)

Views of Responsible Officials

Robert Graff is the contact person responsible for the corrective action plan for this comment. He stated, "The District will comply with South Dakota Codified Law in regards to bidding procedures for future projects/items."

Closing Conference

The contents of this report were discussed with Robert Graff, Kevin Pickner, and Mary Sieck on October 8, 2020.

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 June 30, 2020, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the School District Pension Contributions, and the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) on pages 43 through 50 be presented to supplement the basic financial statements. Such 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. 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 December 29, 2020, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

Kohman, Bierschbach & Anderson, LLP

December 29, 2020

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3

STATEMENT OF NET POSITION

JUNE 30, 2020

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 7,980,926	\$11,631	\$ 7,992,557
Investments	200,000	--	200,000
Taxes receivable	1,909,230	--	1,909,230
Internal balances	(466)	466	--
Inventories	141,960	959	142,919
Other assets	417,232	1,615	418,847
Net pension asset	10,318	187	10,505
Capital Assets:			
Land, improvements and construction in progress	11,430	--	11,430
Other capital assets, net of depreciation	<u>10,870,951</u>	<u>32,568</u>	<u>10,903,519</u>
TOTAL ASSETS	<u>21,541,581</u>	<u>47,426</u>	<u>21,589,007</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	<u>531,718</u>	<u>12,023</u>	<u>543,741</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>531,718</u>	<u>12,023</u>	<u>543,741</u>
LIABILITIES:			
Accounts payable	221,631	--	221,631
Other current liabilities	301,749	--	301,749
Unearned revenue	568,842	8,489	577,331
Noncurrent Liabilities:			
Due within one year	483,331	--	483,331
Due in more than one year	<u>5,143,836</u>	--	<u>5,143,836</u>
TOTAL LIABILITIES	<u>6,719,389</u>	<u>8,489</u>	<u>6,727,878</u>
DEFERRED INFLOWS OF RESOURCES:			
Taxes levied for future period	2,324,274	--	2,324,274
Pension related deferred inflows	<u>243,278</u>	<u>3,474</u>	<u>246,752</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,567,552</u>	<u>3,474</u>	<u>2,571,026</u>
NET POSITION:			
Net investment in capital assets	5,332,381	32,568	5,364,949
Restricted for:			
Capital outlay purposes	3,260,517	--	3,260,517
Special education purposes	779,865	--	779,865
SDRS pension purposes	298,758	8,736	307,494
Unrestricted	<u>3,114,837</u>	<u>6,182</u>	<u>3,121,019</u>
TOTAL NET POSITION	<u>\$12,786,358</u>	<u>\$47,486</u>	<u>\$12,833,844</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, 2020

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		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
Instruction	\$2,691,862	\$ --	\$152,210	\$ 2,785	\$(2,536,867)		\$(2,536,867)
Support services	1,991,196	45,135	4,387	--	(1,941,674)		(1,941,674)
*Interest on long-term debt	66,648	--	--	--	(66,648)		(66,648)
Cocurricular activities	<u>296,145</u>	<u>18,504</u>	<u>665</u>	<u>20,000</u>	<u>(256,976)</u>		<u>(256,976)</u>
Total Governmental Activities	<u>5,045,851</u>	<u>63,639</u>	<u>157,262</u>	<u>22,785</u>	<u>(4,802,165)</u>		<u>(4,802,165)</u>
Business-Type Activities:							
Food service	144,514	50,101	62,538	--		\$(31,875)	(31,875)
Drivers education	<u>1,940</u>	<u>2,100</u>	<u>--</u>	<u>--</u>		<u>160</u>	<u>160</u>
Total Business-Type Activities	<u>146,454</u>	<u>52,201</u>	<u>62,538</u>	<u>--</u>		<u>(31,715)</u>	<u>(31,715)</u>
Total Primary Government	<u>\$5,192,305</u>	<u>\$115,840</u>	<u>\$219,800</u>	<u>\$22,785</u>	<u>(4,802,165)</u>	<u>(31,715)</u>	<u>(4,833,880)</u>
* The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.							
General Revenues:							
Taxes:							
					4,968,581	--	4,968,581
					305,328	--	305,328
Revenue from state sources:							
					153,365	--	153,365
					378	--	378
					8,893	--	8,893
					25,600	--	25,600
					<u>(24,011)</u>	<u>24,011</u>	<u>--</u>
					<u>5,438,134</u>	<u>24,011</u>	<u>5,462,145</u>
					635,969	(7,704)	628,265
					<u>12,150,389</u>	<u>55,190</u>	<u>12,205,579</u>
					<u>\$12,786,358</u>	<u>\$ 47,486</u>	<u>\$12,833,844</u>

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, 2020**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$3,046,209	\$4,041,378	\$ 893,339	\$ 7,980,926
Investments	200,000	--	--	200,000
Taxes receivable - current	984,162	598,706	284,196	1,867,064
Taxes receivable - delinquent	20,993	17,983	3,190	42,166
Due from federal government	8,972	--	12,496	21,468
Due from state government	64,648	--	--	64,648
Due from county government	240,680	--	--	240,680
Inventory of supplies	38,560	103,016	384	141,960
Deposits	33,469	--	--	33,469
Prepaid expenses	<u>56,967</u>	<u>--</u>	<u>--</u>	<u>56,967</u>
TOTAL ASSETS	<u>\$4,694,660</u>	<u>\$4,761,083</u>	<u>\$1,193,605</u>	<u>\$10,649,348</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 30,974	\$ 179,482	\$ 11,175	\$ 221,631
Contracts payable	226,072	--	40,059	266,131
Due to Food Service Fund	466	--	--	466
Payroll deductions and withholdings and employer matching payable	30,187	--	5,431	35,618
Unearned revenue	<u>--</u>	<u>568,842</u>	<u>--</u>	<u>568,842</u>
TOTAL LIABILITIES	<u>287,699</u>	<u>748,324</u>	<u>56,665</u>	<u>1,092,688</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	20,993	17,983	3,190	42,166
Taxes levied for future period	<u>1,214,957</u>	<u>752,242</u>	<u>357,075</u>	<u>2,324,274</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,235,950</u>	<u>770,225</u>	<u>360,265</u>	<u>2,366,440</u>
FUND BALANCES:				
Nonspendable	128,996	103,016	384	232,396
Restricted	--	3,139,518	776,291	3,915,809
Assigned	549,231	--	--	549,231
Unassigned	<u>2,492,784</u>	<u>--</u>	<u>--</u>	<u>2,492,784</u>
TOTAL FUND BALANCES	<u>3,171,011</u>	<u>3,242,534</u>	<u>776,675</u>	<u>7,190,220</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$4,694,660</u>	<u>\$4,761,083</u>	<u>\$1,193,605</u>	<u>\$10,649,348</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 GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances - Governmental Funds	\$ 7,190,220
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.	10,318
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	10,882,381
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	531,718
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
CO certificates \$5,550,000	
Accrued leave \$ <u>77,167</u>	(5,627,167)
Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.	
Taxes receivable \$ <u>42,166</u>	42,166
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(243,278)</u>
Net Position - Governmental Activities	<u>\$12,786,358</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, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$2,380,001	\$ 1,863,497	\$580,147	\$ 4,823,645
Prior years' ad valorem taxes	60,789	61,745	11,851	134,385
Utility taxes	305,328	--	--	305,328
Penalties and interest on taxes	10,230	9,574	1,843	21,647
Earnings on investments and deposits	6,913	1,626	354	8,893
Cocurricular activities:				
Admissions	18,404	--	--	18,404
Rentals	100	--	--	100
Other revenue from local sources:				
Contributions and donations	378	20,000	--	20,378
Services provided other school districts	--	--	13,740	13,740
Refund of prior years' expenditures	112	--	141	253
Charges for services	4,052	--	343	4,395
Other	5,375	--	--	5,375
Revenue from Intermediate Sources:				
County sources:				
County apportionment	18,404	--	--	18,404
Revenue in lieu of taxes	372	--	--	372
Revenue for joint facilities	27,000	--	--	27,000
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	153,365	--	--	153,365
Restricted grants-in-aid	4,387	--	--	4,387
Other state revenue	1,153	--	--	1,153
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received directly from federal government	11,600	--	--	11,600
Restricted grants-in-aid received from federal government through the state	67,947	--	74,960	142,907
Other federal revenue	496	--	--	496
TOTAL REVENUES	<u>3,076,406</u>	<u>1,956,442</u>	<u>683,379</u>	<u>5,716,227</u>
EXPENDITURES:				
Instruction:				
Regular programs:				
Elementary	761,314	115,982	--	877,296
Middle/Junior high	287,537	11,496	--	299,033
High school	443,916	69,787	--	513,703
Special programs:				
Programs for special education	--	--	531,464	531,464
Culturally different	26,624	--	--	26,624
Educationally deprived	68,005	--	--	68,005

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Total Governmental Funds</u>
Support Services:				
Students:				
Guidance	80,391	1,090	--	81,481
Health	8,746	--	--	8,746
Psychological	--	--	11,550	11,550
Speech pathology	--	--	69,004	69,004
Audiology services	509	--	--	509
Student therapy services	--	--	31,732	31,732
Instructional staff:				
Improvement of instruction	12,798	--	--	12,798
Educational media	63,867	5,436	--	69,303
General administration:				
Board of education	42,402	--	--	42,402
Executive administration	168,216	939	--	169,155
School administration:				
Office of the principal	229,892	--	--	229,892
Other	426	--	--	426
Business:				
Fiscal services	107,917	939	--	108,856
Facilities acquisition and construction	--	74,446	--	74,446
Operation and maintenance of plant	520,589	223,933	--	744,522
Student transportation	50,907	--	--	50,907
Food services	--	9,011	--	9,011
Central:				
Staff	3,593	--	--	3,593
Special education:				
Administrative costs	--	--	18,418	18,418
Other special education costs	--	--	2,183	2,183
Debt Services	--	6,316,887	--	6,316,887
Cocurricular Activities:				
Male activities	47,203	12,377	--	59,580
Female activities	33,704	--	--	33,704
Transportation	5,260	--	--	5,260
Combined activities	89,956	8,355	--	98,311
Capital Outlay	<u>1,847</u>	<u>385,101</u>	<u>--</u>	<u>386,948</u>
TOTAL EXPENDITURES	<u>3,055,619</u>	<u>7,235,779</u>	<u>664,351</u>	<u>10,955,749</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>20,787</u>	<u>(5,279,337)</u>	<u>19,028</u>	<u>(5,239,522)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	450,000	--	--	450,000
Transfers out	(15,000)	(450,000)	--	(465,000)
General long-term debt issued	--	5,550,000	--	5,550,000
Compensation for loss of general capital assets	--	700	--	700
Premium on debt issued	--	<u>105,239</u>	<u>--</u>	<u>105,239</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, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(Continued)

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Total Governmental Funds</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>435,000</u>	<u>5,205,939</u>	--	<u>5,640,939</u>
NET CHANGE IN FUND BALANCES	455,787	(73,398)	19,028	401,417
FUND BALANCE - BEGINNING	<u>2,715,224</u>	<u>3,315,932</u>	<u>757,647</u>	<u>6,788,803</u>
FUND BALANCE - ENDING	<u>\$3,171,011</u>	<u>\$ 3,242,534</u>	<u>\$776,675</u>	<u>\$ 7,190,220</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, 2020

Net Change in Fund Balances - Total Governmental Funds		\$ 401,417
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.		386,948
This amount represents the current year depreciation 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.		(424,234)
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	\$ <u>6,145,000</u>	6,145,000
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government-wide statements.		
CO certificates	\$ <u>5,550,000</u>	(5,550,000)
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."		(11,096)
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	\$ 25,885	
Other leave types	\$ <u>4,492</u>	(30,377)
Some 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.		
		<u>(281,689)</u>
Change in Net Position of Governmental Activities		\$ <u>635,969</u>

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, 2020

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 9,743	\$1,888	\$ 11,631
Accounts receivable, net	--	175	175
Due from General Fund	466	--	466
Inventory - stores for resale	696	--	696
Inventory of donated food	263	--	263
Prepaid expenses	<u>1,440</u>	<u>--</u>	<u>1,440</u>
Total Current Assets	<u>12,608</u>	<u>2,063</u>	<u>14,671</u>
Noncurrent Assets:			
Net pension asset	177	10	187
Capital Assets:			
Machinery and equipment - local funds	110,224	--	110,224
Less: accumulated depreciation	<u>(77,656)</u>	<u>--</u>	<u>(77,656)</u>
Total Noncurrent Assets	<u>32,745</u>	<u>10</u>	<u>32,755</u>
TOTAL ASSETS	<u>45,353</u>	<u>2,073</u>	<u>47,426</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	<u>11,064</u>	<u>959</u>	<u>12,023</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>11,064</u>	<u>959</u>	<u>12,023</u>
LIABILITIES:			
Current Liabilities:			
Unearned revenue	<u>8,489</u>	<u>--</u>	<u>8,489</u>
TOTAL LIABILITIES	<u>8,489</u>	<u>--</u>	<u>8,489</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	<u>3,267</u>	<u>207</u>	<u>3,474</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,267</u>	<u>207</u>	<u>3,474</u>
NET POSITION:			
Net investment in capital assets	32,568	--	32,568
Restricted for SDRS pension purposes	7,974	762	8,736
Unrestricted net position	<u>4,119</u>	<u>2,063</u>	<u>6,182</u>
TOTAL NET POSITION	<u>\$ 44,661</u>	<u>\$2,825</u>	<u>\$ 47,486</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, 2020

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
OPERATING REVENUE:			
Food Sales:			
Student	\$ 43,636	\$ --	\$ 43,636
Adult	2,795	--	2,795
Ala carte	3,534	--	3,534
Other charges for goods and services	<u>136</u>	<u>2,100</u>	<u>2,236</u>
TOTAL OPERATING REVENUE	<u>50,101</u>	<u>2,100</u>	<u>52,201</u>
OPERATING EXPENSES:			
Salaries	41,886	1,150	43,036
Employee benefits	28,358	581	28,939
Purchased services	2,677	209	2,886
Supplies	2,531	--	2,531
Cost of sales - purchased	48,613	--	48,613
Cost of sales - donated	11,218	--	11,218
Other	647	--	647
Depreciation	<u>4,613</u>	<u>--</u>	<u>4,613</u>
TOTAL OPERATING EXPENSES	<u>140,543</u>	<u>1,940</u>	<u>142,483</u>
OPERATING INCOME (LOSS)	<u>(90,442)</u>	<u>160</u>	<u>(90,282)</u>
NONOPERATING REVENUE:			
State grants	466	--	466
Federal grants	51,201	--	51,201
Donated food	10,871	--	10,871
NONOPERATING EXPENSE:			
Loss on disposal of capital assets	<u>(3,971)</u>	<u>--</u>	<u>(3,971)</u>
TOTAL NONOPERATING REVENUE	<u>58,567</u>	<u>--</u>	<u>58,567</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(31,875)	160	(31,715)
CAPITAL CONTRIBUTIONS	9,011	--	9,011
TRANSFERS IN	<u>15,000</u>	<u>--</u>	<u>15,000</u>
CHANGE IN NET POSITION	(7,864)	160	(7,704)
NET POSITION - BEGINNING	<u>52,525</u>	<u>2,665</u>	<u>55,190</u>
NET POSITION - ENDING	<u>\$ 44,661</u>	<u>\$ 2,825</u>	<u>\$ 47,486</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, 2020

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 58,590	\$ 2,100	\$ 60,690
Cash payments to employees for services	(65,463)	(3,885)	(69,348)
Cash payments to suppliers of goods or services	<u>(54,469)</u>	<u>(453)</u>	<u>(54,922)</u>
Net cash used by operating activities	<u>(61,342)</u>	<u>(2,238)</u>	<u>(63,580)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from General Fund	15,000	--	15,000
Increase in due from General Fund	(466)	--	(466)
Operating grants	<u>51,667</u>	<u>--</u>	<u>51,667</u>
Net cash flows from noncapital financing activities	<u>66,201</u>	<u>--</u>	<u>66,201</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>--</u>	<u>--</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>--</u>	<u>--</u>	<u>--</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,859	(2,238)	2,621
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,884</u>	<u>4,126</u>	<u>9,010</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,743</u>	<u>\$ 1,888</u>	<u>\$ 11,631</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES</u>			
OPERATING INCOME (LOSS)	\$ (90,442)	\$ 160	\$ (90,282)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:			
Depreciation	4,613	--	4,613
Value of donated commodities used	11,218	--	11,218
Change in assets and liabilities:			
Prepaid expenses	185	--	185
Inventories	(186)	--	(186)
Net pension asset	(141)	(4)	(145)
Pension related deferred outflows	4,102	393	4,495
Accounts and other payables	--	(543)	(543)
Contracts payable	--	(2,268)	(2,268)
Pension related deferred inflows	820	24	844
Unearned revenue	<u>8,489</u>	<u>--</u>	<u>8,489</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$(61,342)</u>	<u>\$(2,238)</u>	<u>\$(63,580)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Loss on disposal of capital assets not affecting operating income	\$ 3,971	\$ --	\$ 3,971
Value of commodities received	\$ 10,871	\$ --	\$ 10,871
Equipment purchased by Capital Outlay Fund	\$ 9,011	\$ --	\$ 9,011

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, 2020

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$62,072
TOTAL ASSETS	<u>\$62,072</u>
LIABILITIES:	
Amounts held for others	\$62,072
TOTAL LIABILITIES	<u>\$62,072</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
JUNE 30, 2020

	<u>Private-Purpose Trust Funds</u>
ADDITIONS:	
Contributions and donations	\$ <u>1,950</u>
TOTAL ADDITIONS	<u>1,950</u>
DEDUCTIONS:	
Trust deductions for scholarships	<u>1,950</u>
TOTAL DEDUCTIONS	<u>1,950</u>
CHANGE IN NET POSITION	--
NET POSITION - BEGINNING	<u>--</u>
NET POSITION - ENDING	\$ <u><u>--</u></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, 2020

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, 2020

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, 2020

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:

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

Agency Funds - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The School District maintains agency 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

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - (Continued)

resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the School District is 60 days. The revenues which are accrued at June 30, 2020, 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

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - (Continued)

columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

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 estimated fair 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.

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

The total June 30, 2020 balance of capital assets for governmental activities includes approximately 16 percent for which the costs were determined by estimates of the original costs. The total June 30, 2020 balance of capital assets for business-type activities includes approximately 35 percent for which the values were determined by estimates of the original costs. These estimated original costs were established by appraisals.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - (Continued)

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ --	N/A	N/A
Buildings	\$ 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 and capital outlay certificates payable.

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. 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.

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - (Continued)

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.

i. 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.

j. 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.

k. 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 (except for Agency Funds, which have no fund equity) is reported as net position held in trust for other purposes.

l. 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.

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - (Continued)

m. 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 inventory, prepaid expenses, and deposits.

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:

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

A schedule of fund balances is provided as follows:

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - (Continued)

Agar-Blunt-Onida School District No 58-3
Disclosure of Fund Balances Reported on Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 38,560	\$ 103,016	\$ 384	\$ 141,960
Prepaid expenses	56,967	--	--	56,967
Deposits	33,469	--	--	33,469
Restricted for:				
Capital Outlay Fund	--	3,139,518	--	3,139,518
Special Education Fund	--	--	776,291	776,291
Assigned to:				
Unemployment	23,209	--	--	23,209
Subsequent year's budget	526,022	--	--	526,022
Unassigned	<u>2,492,784</u>	<u>--</u>	<u>--</u>	<u>2,492,784</u>
Total Fund Balances	<u>\$3,171,011</u>	<u>\$3,242,534</u>	<u>\$776,675</u>	<u>\$7,190,220</u>

n. 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 - VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The School District is prohibited by statute from spending in excess of appropriated amounts at the fund level. The following represents the significant overdrafts of the expenditures compared to appropriations:

	Year Ended <u>6/30/2020</u>
Capital Outlay Fund	\$5,486,007

The Governing Board plans to take the following actions to address these violations: "The District will adopt supplemental budgets as needed to address spending in excess of budgeted amounts."

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

Deposits - The School District'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, 2020, the School District did not have any investments. The 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 - 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 \$42,166 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 8. The

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - (Continued)

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 5 - 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.

NOTE 6 - 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 revenue 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".

NOTE 7 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2020, is as follows:

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 7 - (Continued)

Primary Government

	<u>Balance</u> <u>07/01/2019</u>	<u>Increases</u>	<u>Reclassification</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2020</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 11,430	\$ --	\$ --	\$ --	\$ 11,430
Construction in progress	<u>128,000</u>	<u>--</u>	<u>--</u>	<u>128,000</u>	<u>--</u>
Total, not being depreciated	<u>139,430</u>	<u>--</u>	<u>--</u>	<u>128,000</u>	<u>11,430</u>
Capital assets, being depreciated:					
Buildings	10,597,898	--	--	--	10,597,898
Improvements	2,130,100	391,897	82,487	--	2,604,484
Machinery and equipment	<u>1,573,877</u>	<u>123,051</u>	<u>(82,487)</u>	<u>9,675</u>	<u>1,604,766</u>
Total, being depreciated	<u>14,301,875</u>	<u>514,948</u>	<u>--</u>	<u>9,675</u>	<u>14,807,148</u>
Less accumulated depreciation for:					
Buildings	1,927,369	212,267	--	--	2,139,636
Improvements	512,279	129,417	40,272	--	681,968
Machinery and equipment	<u>1,081,990</u>	<u>82,550</u>	<u>(40,272)</u>	<u>9,675</u>	<u>1,114,593</u>
Total accumulated depreciation	<u>3,521,638</u>	<u>424,234</u>	<u>--</u>	<u>9,675</u>	<u>3,936,197</u>
Total capital assets, being depreciated, net	<u>10,780,237</u>	<u>90,714</u>	<u>--</u>	<u>--</u>	<u>10,870,951</u>
Governmental activity capital assets, net	<u>\$10,919,667</u>	<u>\$ 90,714</u>	<u>\$ --</u>	<u>\$128,000</u>	<u>\$10,882,381</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$159,445
Support services	176,766
Cocurricular activities	<u>88,023</u>
Total depreciation expense - governmental activities	<u>\$424,234</u>

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 7 - (Continued)

	<u>Balance</u> <u>07/01/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2020</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$111,142	\$9,011	\$9,929	\$110,224
Less accumulated depreciation for:				
Machinery and equipment	<u>79,000</u>	<u>4,613</u>	<u>5,957</u>	<u>77,656</u>
Business-type activity capital assets, net	<u>\$ 32,142</u>	<u>\$4,398</u>	<u>\$3,972</u>	<u>\$ 32,568</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food services	<u>\$4,613</u>

NOTE 8 - LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2020, is as follows:

PRIMARY GOVERNMENT

Governmental Activities

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Capital outlay certificates	\$6,145,000	\$5,550,000	\$6,145,000	\$5,550,000	\$475,000
Compensated absences	<u>46,790</u>	<u>30,377</u>	<u>--</u>	<u>77,167</u>	<u>8,331</u>
Total Governmental Activities	<u>\$6,191,790</u>	<u>\$5,580,377</u>	<u>\$6,145,000</u>	<u>\$5,627,167</u>	<u>\$483,331</u>

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

During fiscal year 2020, the School District issued \$5,550,000 in Capital Outlay refunding certificates with an average interest rate of 2 to 3% to refund the following:

<u>Year Issued</u>	<u>Project</u>	<u>Average Interest</u> <u>Rate</u>	<u>Unpaid Principal</u> <u>at Time of Refunding</u>
2014	High School construction and Elementary improvements	0.35% to 3.25%	\$6,145,000

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - (Continued)

The School District refunded the debt to reduce its total debt service payments over the next 10 years by \$298,148 and to obtain an economic gain of \$298,148.

Liabilities payable at June 30, 2020, 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. \$5,550,000

Compensated Absences:

Accrued sick leave - to be paid by the General Fund and Special Education Fund. \$ 66,332

Accrued personal leave - to be paid by the General Fund and Special Education Fund. \$ 10,835

The annual debt service requirements to maturity, except for compensated absences, for all debt outstanding as of June 30, 2020, are as follows:

Annual Requirements to Maturity for Long-Term Debt
June 30, 2020

<u>Year Ending</u> <u>June 30,</u>	<u>Capital Outlay</u> <u>Certificates Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 475,000	\$135,945
2022	500,000	121,320
2023	520,000	106,020
2024	535,000	90,195
2025	550,000	73,920
2026-2030	<u>2,970,000</u>	<u>156,715</u>
Totals	<u>\$5,550,000</u>	<u>\$684,115</u>

NOTE 9 - OPERATING LEASES

The School District has one operating lease for four copiers which is being paid out of the Capital Outlay Fund with a total paid of \$24,651 for the fiscal year ended June 30, 2020.

The following are the minimum payments required for the existing operating lease:

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 - (Continued)

<u>Year</u>	<u>Capital Outlay Fund</u>
2021	\$24,651
2022	<u>2,054</u>
Total	<u>\$26,705</u>

NOTE 10 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSACTIONS:

Interfund receivable and payable balances at June 30, 2020 were:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ --	\$466
Food Service Fund	\$466	\$ --

NOTE 11 - RESTRICTED NET POSITION

Restricted net position for the year ended June 30, 2020, was as follows:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Funds:		
Capital Outlay Purposes	Law	\$3,260,517
Special Education Purposes	Law	779,865
SDRS Pension Purposes	Law	<u>307,494</u>
Total Restricted Net Position		<u>\$4,347,876</u>

These balances are restricted due to statutory requirements.

NOTE 12 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020, were as follows:

	<u>Transfers To:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Food Service Fund</u>	
<u>Transfers From:</u>			
Major Funds:			
General Fund	\$ --	\$15,000	\$ 15,000
Capital Outlay Fund	<u>450,000</u>	<u>--</u>	<u>450,000</u>
Total	<u>\$450,000</u>	<u>\$15,000</u>	<u>\$465,000</u>

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - (Continued)

The School District transferred money from the General Fund to the Food Service Fund to provide money for the general operation of the lunch program. The Capital Outlay Fund transferred money to the General Fund to provide money to help with general operation.

NOTE 13 - PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in 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 three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

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

Members that were hired on/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%.

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - (Continued)

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

All benefits except those 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, 2020, 2019 and 2018, were \$132,663, \$126,458, and \$119,518, 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, 2019, SDRS is 100.09% 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 June 30, 2020, are as follows:

Proportionate share of pension liability	\$ 12,353,395
Less proportionate share of net pension restricted for pension benefits	<u>(12,363,900)</u>
Proportionate share of net pension asset	<u>\$ (10,505)</u>

At June 30, 2020, the School District reported an asset of \$10,505 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, 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, 2019, the School District's proportion was .0991269%, which is an increase of .0033088% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized pension expense of \$286,883. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - (Continued)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 41,206	\$ 4,754
Changes in assumption	362,806	148,733
Net difference between projected and actual earnings on pension plan investments	--	60,515
Changes in proportion and difference Between School District contributions and proportionate share of contributions	7,066	32,750
School District contributions subsequent to the measurement date	<u>132,663</u>	--
Total	<u>\$543,741</u>	<u>\$246,752</u>

\$132,663 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, 2021. 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:

2021	\$221,849
2022	(45,447)
2023	(30,566)
2024	<u>18,490</u>
Total	<u>\$164,326</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2019 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 6.50% at entry to 3.00% after 25 years of service
Discount rate	6.50% net of plan investment expense
Future COLAs	1.88%

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

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

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, 2018 (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%	4.7%
Fixed Income	30.0%	1.7%
Real Estate	10.0%	4.3%
Cash	<u>2.0%</u>	0.9%
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).

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>\$1,743,581</u>	<u>\$(10,505)</u>	<u>\$(1,439,767)</u>

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 13 - (Continued)

Pension Plan Fiduciary Net Position:

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

NOTE 14 - 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, 2020, 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.

The coverage includes the option of three different plans with a deductible of \$1,500 to \$4,000.

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 \$23,209 for the payment of future unemployment benefits.

During the year ended June 30, 2020, no claims for unemployment benefits were paid. At June 30, 2020, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - LITIGATION

At June 30, 2020, the School District was not involved in any litigation.

NOTE 16 - SUBSEQUENT EVENTS

The School District has evaluated all subsequent events through December 29, 2020, 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, 2020

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$2,237,499	\$2,237,499	\$2,380,001	\$142,502
Prior years' ad valorem taxes	25,000	25,000	60,789	35,789
Tax deed revenue	365	365	--	(365)
Utility taxes	207,000	207,000	305,328	98,328
Penalties and interest on taxes	7,500	7,500	10,230	2,730
Earnings on investments and deposits	7,500	7,500	6,913	(587)
Cocurricular activities:				
Admissions	16,700	16,700	18,404	1,704
Rentals	--	--	100	100
Other revenue from local sources:				
Rentals	300	300	--	(300)
Contributions and donations	500	500	378	(122)
Refund of prior years' expenditures	--	--	112	112
Charges for services	4,000	4,000	4,052	52
Other	7,500	7,500	5,375	(2,125)
Revenue from Intermediate Sources:				
County sources:				
County apportionment	25,000	25,000	18,404	(6,596)
Revenue in lieu of taxes	175	175	372	197
Revenue for joint facilities	27,000	27,000	27,000	--
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	105,755	105,755	153,365	47,610
Restricted grants-in-aid	--	--	4,387	4,387
Other state revenue	--	--	1,153	1,153
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received directly from federal government	11,600	11,600	11,600	--
Restricted grants-in-aid received from federal government through the state	70,024	70,024	67,947	(2,077)
Other federal revenue	--	--	496	496
TOTAL REVENUES	<u>2,753,418</u>	<u>2,753,418</u>	<u>3,076,406</u>	<u>322,988</u>
EXPENDITURES:				
Instruction:				
Regular programs:				
Elementary	758,320	772,566	761,314	11,252

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Middle/Junior high	281,720	289,220	287,537	1,683
High school	454,050	455,050	443,916	11,134
Special programs:				
Culturally different	27,057	27,057	26,624	433
Educationally deprived	68,930	68,930	68,005	925
Support Services:				
Students:				
Guidance	66,960	80,458	80,391	67
Health	5,750	9,395	8,746	649
Audiology	--	510	509	1
Instructional staff:				
Improvement of instruction	10,380	13,790	12,798	992
Educational media	84,085	84,085	65,714	18,371
General administration:				
Board of education	61,200	61,200	42,402	18,798
Executive administration	178,480	178,480	168,216	10,264
School administration:				
Office of the principal	241,202	241,202	229,892	11,310
Other	450	450	426	24
Business:				
Fiscal services	111,465	111,465	107,917	3,548
Operation and maintenance of plant	571,710	571,710	520,589	51,121
Student transportation services	69,807	69,807	50,907	18,900
Central:				
Staff	325	3,683	3,593	90
Cocurricular Activities:				
Male activities	58,100	58,100	47,203	10,897
Female activities	34,580	34,580	33,704	876
Transportation	12,450	12,450	5,260	7,190
Combined activities	103,180	103,180	89,956	13,224
Contingencies	100,000	100,000		
Amount transferred		(47,167)		52,833
TOTAL EXPENDITURES	<u>3,300,201</u>	<u>3,300,201</u>	<u>3,055,619</u>	<u>244,582</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(546,783)</u>	<u>(546,783)</u>	<u>20,787</u>	<u>567,570</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	250,000	250,000	450,000	200,000
Transfers out	<u>(17,000)</u>	<u>(17,000)</u>	<u>(15,000)</u>	<u>2,000</u>

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020
(Continued)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>233,000</u>	<u>233,000</u>	<u>435,000</u>	<u>202,000</u>
NET CHANGE IN FUND BALANCES	(313,783)	(313,783)	455,787	769,570
FUND BALANCE - BEGINNING	<u>2,715,224</u>	<u>2,715,224</u>	<u>2,715,224</u>	--
FUND BALANCE - ENDING	<u>\$2,401,441</u>	<u>\$2,401,441</u>	<u>\$3,171,011</u>	<u>\$769,570</u>

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CAPITAL OUTLAY FUND -
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget- Positive (Negative)
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$1,675,595	\$1,675,595	\$ 1,863,497	\$ 187,902
Prior years' ad valorem taxes	7,000	7,000	61,745	54,745
Penalties and interest on taxes	5,000	5,000	9,574	4,574
Earnings on investments and deposits	3,000	3,000	1,626	(1,374)
Other revenue from local sources:				
Contributions and donations	--	--	20,000	20,000
TOTAL REVENUES	<u>1,690,595</u>	<u>1,690,595</u>	<u>1,956,442</u>	<u>265,847</u>
EXPENDITURES:				
Instruction:				
Regular programs:				
Elementary	158,060	158,060	115,982	42,078
Middle/Junior high	45,500	45,500	11,496	34,004
High school	44,000	44,000	69,787	(25,787)
Support Services:				
Students:				
Guidance	--	1,090	1,090	--
Instructional staff:				
Educational media	87,400	87,400	40,777	46,623
General administration:				
Executive administration	--	939	939	--
School administration:				
Office of the principal	1,000	1,000	--	1,000
Business:				
Fiscal services	1,000	1,000	939	61
Facilities acquisition and construction	275,000	347,397	305,343	42,054
Operation and maintenance of plant	227,000	227,000	228,402	(1,402)
Student transportation services	85,000	85,000	83,419	1,581
Food services	--	9,011	9,011	--
Debt Services	657,750	688,167	6,316,887	(5,628,720)
Cocurricular Activities:				
Male activities	10,000	12,377	12,377	--
Female activities	2,500	2,500	--	2,500
Combined activities	<u>25,000</u>	<u>39,331</u>	<u>39,330</u>	<u>1</u>
TOTAL EXPENDITURES	<u>1,619,210</u>	<u>1,749,772</u>	<u>7,235,779</u>	<u>(5,486,007)</u>

	<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>71,385</u>	<u>(59,177)</u>	<u>(5,279,337)</u>	<u>(5,220,160)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(250,000)	(450,000)	(450,000)	--
Proceeds of general long-term liabilities	--	--	5,550,000	5,550,000
Compensation for loss of general capital assets	--	--	700	700
Premium on debt issued	<u>--</u>	<u>--</u>	<u>105,239</u>	<u>105,239</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(250,000)</u>	<u>(450,000)</u>	<u>5,205,939</u>	<u>5,655,939</u>
NET CHANGE IN FUND BALANCES	(178,615)	(509,177)	(73,398)	435,779
FUND BALANCE - BEGINNING	<u>3,315,932</u>	<u>3,315,932</u>	<u>3,315,932</u>	<u>--</u>
FUND BALANCE - ENDING	<u>\$3,137,317</u>	<u>\$2,806,755</u>	<u>\$3,242,534</u>	<u>\$ 435,779</u>

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND -
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 543,680	\$ 543,680	\$580,147	\$ 36,467
Prior years' ad valorem taxes	1,500	1,500	11,851	10,351
Penalties and interest on taxes	1,000	1,000	1,843	843
Earnings on investments and deposits	1,000	1,000	354	(646)
Other revenue from local sources:				
Services provided other school districts	13,700	13,700	13,740	40
Refund of prior years' expenditures	--	--	141	141
Charges for services	350	350	343	(7)
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	270	270	--	(270)
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	<u>74,960</u>	<u>74,960</u>	<u>74,960</u>	<u>--</u>
TOTAL REVENUES	<u>636,460</u>	<u>636,460</u>	<u>683,379</u>	<u>46,919</u>
EXPENDITURES:				
Instruction:				
Special programs:				
Programs for special education	591,730	591,730	531,464	60,266
Support Services:				
Students:				
Psychological	10,000	10,000	11,550	(1,550)
Speech pathology	70,248	70,248	69,004	1,244
Student therapy services	45,500	45,500	31,732	13,768
Special education:				
Administrative costs	24,460	24,460	18,418	6,042
Transportation costs	2,850	2,850	--	2,850
Other special education costs	<u>9,000</u>	<u>9,000</u>	<u>2,183</u>	<u>6,817</u>
TOTAL EXPENDITURES	<u>753,788</u>	<u>753,788</u>	<u>664,351</u>	<u>89,437</u>
NET CHANGE IN FUND BALANCES	(117,328)	(117,328)	19,028	136,356
FUND BALANCE - BEGINNING	<u>757,647</u>	<u>757,647</u>	<u>757,647</u>	<u>--</u>
FUND BALANCE - ENDING	<u>\$ 640,319</u>	<u>\$ 640,319</u>	<u>\$776,675</u>	<u>\$136,356</u>

AGAR-BLUNT-ONIDA SCHOOL DISTRICT NO 58-3
NOTES TO 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, 2020

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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

	Last 6 Fiscal Years*					
	(Dollar amounts in thousands)					
	<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)	0.0991269%	0.0958181%	0.0905891%	0.0966214%	0.0952238%	0.0963418%
District's proportionate share of net pension liability (asset)	\$ (11)	\$ (2)	\$ (8)	\$ 326	\$ (404)	\$ (694)
District's covered payroll	\$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	0.52%	0.10%	0.43%	17.75%	23.23%	41.19%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.09%	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

	Last 10 Fiscal Years (Dollar amounts in thousands)									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 133	\$ 126	\$ 120	\$ 110	\$ 110	\$ 104	\$ 101	\$ 99	\$ 92	\$ 93
Contributions in relation to the contractually required contribution	\$ 133	\$ 126	\$ 120	\$ 110	\$ 110	\$ 104	\$ 101	\$ 99	\$ 92	\$ 93
District's covered payroll	\$2,211	\$2,108	\$1,992	\$1,841	\$1,837	\$1,739	\$1,685	\$1,651	\$1,539	\$1,556
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 REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2020

Changes of Benefit Terms:

No significant changes.

Changes of Assumptions:

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% 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%. That condition existed as of June 30, 2018, and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018, and is 1.88% as of June 30, 2019.

The changes in actuarial assumptions decreased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 2.03% COLA, reflecting the current and assumed future restricted maximum COLA of 1.88%.

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