DEUEL SCHOOL DISTRICT NO. 19-4
INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2019

DEUEL SCHOOL DISTRICT NO. 19-4

DEUEL SCHOOL DISTRICT NO. 19-4

SCHOOL DISTRICT OFFICIALS

JUNE 30, 2019

Board Members:

Luke Andersen	Chairman
Wade Gubrud	Vice-Chairman
Jacqueline Eide	Member
Michelle Prins	Member
Jessica TeKrony	Member

Superintendent:

Chad Schiembeck

Business Manager:

Blaine Franken

DEUEL SCHOOL DISTRICT NO. 19-4

DEUEL SCHOOL DISTRICT NO. 19-4
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Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education and the Superintendent of
Deuel School District No. 19-4
Clear Lake, South Dakota

We have audited, in accordance with the 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 Deuel School District No. 19-4 Clear Lake, South Dakota (District), as of June 30, 2019 and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Grant and Williams, Inc.

Grant and Williams, Inc.
Sioux Falls, SD
June 10, 2020

DEUEL SCHOOL DISTRICT NO. 19-4
SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report contained no written audit findings.

DEUEL SCHOOL DISTRICT NO. 19-4
SCHEDULE OF CURRENT AUDIT FINDINGS

Current Audit Findings:

There are no written current audit findings to report.

Closing Conference:

The contents of this report were discussed with Chad Schiembeck, Superintendent and Blaine Franken, Business Manager on June 10, 2020.

GRANT AND WILLIAMS, INC.

Certified Public Accountants

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Independent Auditor's Report

To the Board of Education and the Superintendent of
Deuel School District No. 19-4
Clear Lake, 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 Deuel School District No. 19-4, Clear Lake, South Dakota (District) as of June 30, 2019 and for the year then ended and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 of 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 auditor's 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 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 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 Deuel School District No. 19-4, as of June 30, 2019, 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 Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), Schedule of District Contributions, and Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, Related Ratios and Notes on pages 7 through 14, and 53 through 63 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 10, 2020 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 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 District's internal control over financial reporting and compliance.

Grant and Williams, Inc.

Grant and Williams, Inc.
Sioux Falls, South Dakota
June 10, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Deuel School District No. 19-4's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- During the year, the District's revenues generated from taxes and other revenues of the governmental and business-type programs were $533,257.86 more than the $5,679,146.94 governmental and business-type program expenditures.
- The total cost of the District's programs increased by 15.624% which primarily due to increased costs in Special Education, Cocurricular Activities, Food Service and Other Enterprise expenditures during the year.
- The General Fund reported a $169,393.91 current year deficit primarily due to the increases in cost relating to pupil transportation and operation and maintenance of plant in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Figure A-1

Major Features of Deuel School District's Government-wide and Fund Financial Statements

		Fund Statements		
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire District government (except fiduciary funds and the fiduciary component units)	The activities of the District that is not proprietary or fiduciary, such as elementary, middle and high school education programs.	Activities the District operates similar to private businesses, the food service operation.	Instances in which the District is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Net Position – Fiduciary *Statement of Changes in Net Position – Fiduciary
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset-Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can
Type of Inflow-Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position is one way to measure the District's financial health or position.

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

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

- Governmental Activities – This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, District Board of Education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- Business-type Activities – The District charges a fee to students to help cover the costs of providing hot lunch services to all students as well as drivers education and preschool. The Food Service Fund and Other Enterprise Fund are the only business-type activities of the District.

Fund Financial Statements

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

- State Law requires some of the funds.
- The District Board of Education establishes other funds to control and manage money for particular purposes (like the Scholarship Trust).

The District has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position increased (decreased) as follows:

Table A-1
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	2018	2019	2018	2019	2018	2019	2018-2019
Current and Other Assets	$ 6,681,806	$ 7,717,617	$ 81,480	$ 49,126	$6,763,286	$ 7,766,743	14.84%
Capital Assets	5,674,633	5,630,782	7,648	7,130	5,682,281	5,637,912	(0.78%)
Total Assets	12,356,439	13,348,399	89,128	56,256	12,445,567	13,404,655	7.71%
Deferred Outflow of Rescources	1,171,968	976,248	39,097	32,017	1,211,065	1,008,265	(16.75%)
Long-Term Debt Outstanding	41,150	6,704	-	-	41,150	6,704	(83.71%)
Other Liabilities	714,843	744,533	6,394	6,518	721,237	751,051	4.13%
Total Liabilities	755,993	751,237	6,394	6,518	762,387	757,755	(0.61%)
Deferred Inflow of Resources	1,918,367	2,137,780	12,117	7,343	1,930,484	2,145,123	11.12%
Net Assets:							
Net Investment in Capital Assets	5,644,633	5,615,782	7,648	7,130	5,652,281	5,622,912	(0.52%)
Restricted	3,746,902	4,569,352	32,206	24,765	3,779,108	4,594,117	21.57%
Unrestricted	1,462,512	1,250,497	62,220	21,853	1,524,732	1,272,350	(16.55%)
Total Net Position	10,854,047	11,435,631	102,074	53,748	10,956,121	11,489,379	4.87%
Beginning Net Position	9,488,758	10,854,047	79,181	102,074	9,567,939	10,956,121	14.51%
Increase (Decrease) in Net Position	$ 1,365,289	$ 581,584	$ 22,893	$ (48,326)	$1,388,182	$ 533,258	(61.59%)
Percentage of Increase In Net Position	14.39%	5.36%	28.91%	(47.34%)	14.51%	4.87%	

The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the District, consisting of a financing capital acquisition lease and early retirement benefits payable have been reported in this manner on the Statement of Net Position. The difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

Changes in Net Position

This section shows condensed financial comparison of revenues and expenses and provides an explanation for significant differences.

The District's total revenues (excluding special items) totaled $6,212,406, a decrease of 1.389% (See Table A-2). Approximately 68% of the District's revenue comes from property and other taxes, with approximately 22% coming from state aid (See Figure A-3).

The District's total expenses cover a range of services, encompassing instruction, support services and food services. The District's expenses totaled $5,679,147, an increase of 15.624% (See Table A-2). Approximately 55.625% was spent on instruction, 33.866% on support services and 5.015% on food services (See Figure A-4).

Figure A-3

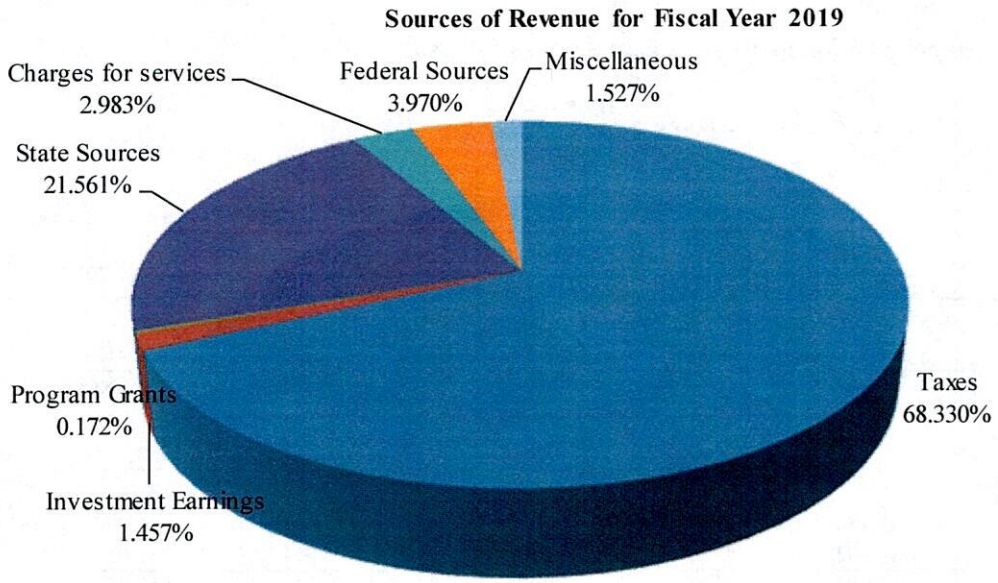
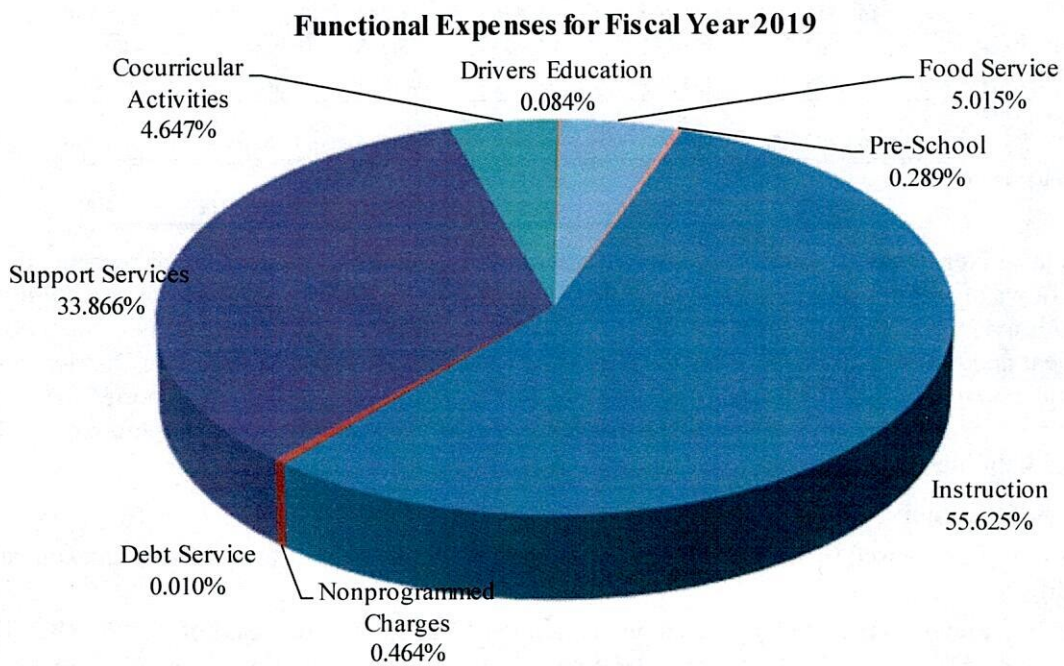


Figure A-4



GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Table A-2, and the narrative that follows, considers the operations of the governmental activities, and the business-type activities of the District.

Table A-2
CHANGES IN NET POSITION
JUNE 30, 2019

	Total Governmental Activities		Total Business-Type Activities		Totals		Total Percentage Change
	2018	2019	2018	2019	2018	2019	2019-2019
Revenues							
Program Revenues:							
Charges for Services	$ 23,566	$ 27,696	$ 161,354	$ 157,641	$ 184,920	$ 185,337	0.226%
Grants and Contributions	218,546	157,272	109,285	100,030	327,831	257,302	(21.514%)
General Revenues							
Taxes	4,084,378	4,244,925	-	-	4,084,378	4,244,925	3.931%
Revenue State Sources	1,386,323	1,339,427	-	-	1,386,323	1,339,427	(3.383%)
Revenue Federal Sources	1,380	-	-	-	1,380	-	100.000%
Unrestricted Investment Earnings	51,725	90,525	-	-	51,725	90,525	75.012%
Other Revenues	263,360	94,890	-	-	263,360	94,890	(63.969%)
Total Revenues	6,029,278	5,954,735	270,639	257,671	6,299,917	6,212,406	(1.389%)
Expenses							
Instruction	2,681,314	3,159,029	-	-	2,681,314	3,159,029	17.816%
Support Services	1,751,091	1,923,297	-	-	1,751,091	1,923,297	9.834%
Nonprogrammed charges	14,021	26,362	-	-	14,021	26,362	88.018%
Debt Service	9,605	550	-	-	9,605	550	(94.274%)
Cocurricular Activities	207,958	263,912	-	-	207,958	263,912	26.906%
Food Service	-	-	229,692	284,812	229,692	284,812	23.997%
Other Enterprise	-	-	18,054	21,185	18,054	21,185	17.342%
Total Expenses	4,663,989	5,373,150	247,746	305,997	4,911,735	5,679,147	15.624%
Increase in Net Position	1,365,289	581,585	22,893	(48,326)	1,388,182	533,259	(61.586%)
Beginning Net Position (As Restated)	9,727,574	10,854,047	87,407	102,074	9,814,981	10,956,121	11.627%
Adjustments for GASB 75	(238,816)	-	(8,226)	-	(247,042)	-	100.000%
Ending Net Position	$ 10,854,047	$ 11,435,632	$ 102,074	$ 53,748	$ 10,956,121	$ 11,489,380	4.867%

GOVERNMENTAL ACTIVITIES

Revenues from the District's governmental activities were $5,954,735 while expenses were $5,373,150, an increase in net position of $581,585. With this increase in assets, the cash balance did increase. The main reasons are:

- Actual revenue received exceeded expectations.
- Actual expenditures were less than anticipated due largely to caution used when authorizing purchases and finding good pricing along with not purchasing as many capital assets as was planned.
- The effect of GASB 68 and 75 accounting standards which decreased expenditures in the current year.

BUSINESS-TYPE ACTIVITIES

Revenues of the District's business-type activities decreased by approximately 4.8% to $257,671 and expenses increased by approximately 24% to $305,997. Factors contributing to these results included:

- There were more students attending school than the prior year but due weather-related closings less meals were service, additionally the cost of food, salaries and benefits were higher.
- The other enterprises' activities had higher costs for salaries and benefits than last year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund Balance decreased by $169,393.91, Capital Outlay Fund increased by $956,468.54, Special Education Fund Balances increased by $45,251.90 and the Pension Fund Balances decreased by $24,769.21 for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District's Board of Education revised the District's budget one time. The amendment was for supplemental appropriations approved for unanticipated, yet necessary expense to provide for items necessary for the education programs of this district.

CAPITAL ASSET ADMINISTRATION

By the end of 2019, the District had invested $5,637,912 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. This amount represents a net decrease (including additions and deductions) of $44,369 or (0.78%), over the prior year. (See Table A-3.)

Table A-3
CAPITAL ASSETS
(net of depreciation)

	Total Governmental Activities		Total Business-Type Activities		Totals		Total Change	
	2018	2019	2018	2019	2018	2019	$	%
Land	$ 101,083	$ 101,083	$ -	$ -	$ 101,083	$ 101,083	-	0.00%
Improvements	29,880	19,920	-	-	29,880	19,920	(9,960)	(33.33%)
Buildings	5,177,759	5,091,860	-	-	5,177,759	5,091,860	(85,899)	(1.66%)
Machinery and Equipment	365,911	417,919	7,648	7,130	373,559	425,049	51,490	13.78%
Total Capital Assets (Net)	$5,674,633	$5,630,782	$ 7,648	$ 7,130	$5,682,281	$5,637,912	$ (44,369)	(0.78%)

This year's capital asset purchases included library books, bus and a car.

LONG-TERM DEBT

At year-end the District had $32,942 in other long-term obligations. This is a decrease of $38,897 or 54.14%. See Table A-4.

Table A-4
OUTSTANDING DEBT AND OBLIGATIONS

	Total Governmental Activities		Total Business-Type Activities		Totals		Total Change	
	2018	2019	2018	2019	2018	2019	$	%
Gymnastcs Building Lease	$ 30,000	$ 15,000	$ -	$ -	$ 30,000	$ 15,000	$ (15,000)	(50.00%)
Postemployment Benefits	14,020	5,812	-	-	14,020	5,812	(8,208)	(58.54%)
Video Lease	4,450	-	-	-	4,450	-	(4,450)	(100.00%)
Copier Lease	23,369	12,130	-	-	23,369	12,130	(11,239)	(48.09%)
Total Outstanding Debt and Obligations	$ 71,839	$ 32,942	$ -	$ -	$ 71,839	$ 32,942	$ (38,897)	(54.14%)

The District also maintains an early retirement plan, which allows those teachers meeting certain qualifications, to retire early and receive a lump sum payment or equal monthly payments until age 62. This plan allows the District to reduce the overall program cost by hiring lower paid teachers to replace the higher paid teachers.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's current economic position has shown little change. The District did experience an increase in total property valuation of $19,686,441 or 3.06% from the prior year. The increase in property valuation allows the District the ability to increase the amount of revenue generated from property taxes, however, the total amount which can be levied is limited by the State of South Dakota.

One of the primary sources of revenue to the District is based on a per student allocation received from the State of South Dakota. The state aid formula for the current year ensures that property taxes plus state aid will equal $5,563.52 per pupil. This per-student allocation is based on the fall enrollment and will change each year by the lesser of the rate of inflation or 3%. The state aid formula for fiscal year 2018-19 ensures that property taxes plus state aid will equal the per student allocation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Manager, Blaine Franken, Deuel School District 19-4, PO Box 770, Clear Lake, SD 57226.

BASIC FINANCIAL STATEMENTS
DEUEL SCHOOL DISTRICT NO. 19-4

DEUEL SCHOOL DISTRICT NO. 19-4 **Exhibit I**
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	$ 5,457,396.42	$ 36,277.31	$ 5,493,673.73
Taxes Receivable	1,955,578.37	-	1,955,578.37
Accounts Receivable	-	5,155.22	5,155.22
Inventories	-	7,693.59	7,693.59
Other Assets	261,299.28	-	261,299.28
Deposits	40,546.00		40,546.00
Net Pension Assets	2,796.93	91.72	2,888.65
Capital Assets:			
Land, Improvements and Construction in Progress	101,083.45	-	101,083.45
Other Capital Assets, Net of Depreciation	5,529,698.59	7,130.10	5,536,828.69
TOTAL ASSETS	13,348,399.04	56,347.94	13,404,746.98
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows of Resources	976,248.37	32,016.99	1,008,265.36
TOTAL DEFERRED OUTFLOWS OF RESOURCES:	976,248.37	32,016.99	1,008,265.36
LIABILITIES :			
Accounts Payable	66,953.83	400.00	67,353.83
Other Current Liabilities	404,371.24	6,117.94	410,489.18
Unearned Revenue	-	12,655.54	12,655.54
Noncurrent Liabilities:			
Due Within One Year	26,238.48	-	26,238.48
Net OPEB liability	246,969.00	8,100.00	255,069.00
Other Long Term Liabilities	6,703.56	-	6,703.56
TOTAL LIABILITIES	751,236.11	27,273.48	778,509.59
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for Future Period	1,913,869.46	-	1,913,869.46
Pension Related Deferred Inflows	223,910.18	7,343.35	231,253.53
TOTAL DEFERRED INFLOWS OF RESOURCES:	2,137,779.64	7,343.35	2,145,122.99
NET POSITION:			
Net Investment in Capital Assets	5,615,782.04	7,130.10	5,622,912.14
Restricted for:			
Capital Outlay	3,265,387.78	-	3,265,387.78
Special Education	369,534.15	-	369,534.15
Pension	138,749.39	-	138,749.39
SDRS Pension	755,135.11	24,765.36	779,900.47
Deposit-Insurance Pool	40,546.00	-	40,546.00
Unrestricted	1,250,497.19	21,852.64	1,272,349.83
TOTAL NET POSITION	$ 11,435,631.66	$ 53,748.10	$ 11,489,379.76

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

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Instruction	$ 3,159,028.96	$ -	$ 108,911.02	$ -
Support Services	1,923,296.88	-	-	48,361.00
Nonprogrammed Charges	26,361.36	-	-	-
Interest on Long-term Debt *	550.00	-	-	-
Cocurricular Activities	263,912.27	27,695.60	-	-
Total Governmental Activities	5,373,149.47	27,695.60	108,911.02	48,361.00
Business-type Activities:				
Food Service	284,812.39	130,459.71	100,030.20	-
Drivers Education	4,780.74	3,800.00	-	-
Pre-School	16,404.34	23,381.22	-	-
Total Business Activities	305,997.47	157,640.93	100,030.20	-
Total Primary Government	$ 5,679,146.94	$ 185,336.53	$ 208,941.22	$ 48,361.00

* 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:
Property Taxes
Gross Receipts Taxes
Revenue from State Sources:
State aid
Other
Unrestricted Investment Earnings
Other General Revenues
Total General Revenues
Change in Net Position
Net Position - Beginning
NET POSITION - END OF YEAR

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (3,050,117.94)	$ -	$ (3,050,117.94)
(1,874,935.88)	-	(1,874,935.88)
(26,361.36)	-	(26,361.36)
(550.00)	-	(550.00)
(236,216.67)	-	(236,216.67)
(5,188,181.85)	-	(5,188,181.85)
-	(54,322.48)	(54,322.48)
-	(980.74)	(980.74)
-	6,976.88	6,976.88
-	(48,326.34)	(48,326.34)
$ (5,188,181.85)	$ (48,326.34)	$ (5,236,508.19)
4,000,237.84	-	4,000,237.84
244,687.09	-	244,687.09
1,338,457.70	-	1,338,457.70
969.15	-	969.15
90,524.61	-	90,524.61
94,889.66	-	94,889.66
5,769,766.05	-	5,769,766.05
581,584.20	(48,326.34)	533,257.86
10,854,047.46	102,074.44	10,956,121.90
$ 11,435,631.66	$ 53,748.10	$ 11,489,379.76

DEUEL SCHOOL DISTRICT NO. 19-4
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Capital Outlay Fund	Special Education Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Cash and Cash Equivalents	$ 1,586,071.71	$ 3,267,777.70	$ 465,078.43
Taxes Receivable--Current	815,849.42	607,853.74	490,166.30
Taxes Receivable--Delinquent	22,592.41	11,676.64	7,159.05
Accounts Receivable, Net	1,686.38	-	-
Due from Federal Government	257,802.92	-	1,809.98
Deposit Insurance Pool	40,546.00	-	-
Total Assets	2,724,548.84	3,887,308.08	964,213.76
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	8,708.92	1,936.54	56,308.37
Contracts Payable	275,799.62	-	29,579.20
Payroll Deductions and Withholdings and Employer Matching Payable	80,366.68	-	18,625.74
Total Liabilities	364,875.22	1,936.54	104,513.31
Deferred Inflows of Resources:			
Unavailable Revenue-Property Taxes	22,592.41	11,676.64	7,159.05
Taxes Levied for Future Period	815,849.42	607,853.74	490,166.30
Total Deferred Inflows of Resources	838,441.83	619,530.38	497,325.35
Fund Balances:			
Nonspendable			
Deposit-Insurance Pool	40,546.00	-	-
Restricted:			
Special Revenue Funds	-	3,265,841.16	362,375.10
Assigned:			
Unemployment Insurance	17,707.00	-	-
Unassigned	1,462,978.79	-	-
Total Fund Balances	1,521,231.79	3,265,841.16	362,375.10
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,724,548.84	$ 3,887,308.08	$ 964,213.76

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

Pension Fund	Total Governmental Funds
$ 138,468.58	$ 5,457,396.42
-	1,913,869.46
280.81	41,708.91
-	1,686.38
-	259,612.90
-	40,546.00
138,749.39	7,714,820.07
-	66,953.83
-	305,378.82
-	98,992.42
-	471,325.07
280.81	41,708.91
-	1,913,869.46
280.81	1,955,578.37
-	40,546.00
138,468.58	3,766,684.84
-	17,707.00
-	1,462,978.79
138,468.58	5,287,916.63
$ 138,749.39	$ 7,714,820.07

DEUEL SCHOOL DISTRICT NO. 19-4

DEUEL SCHOOL DISTRICT NO. 19-4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2019

Total Fund Balances - Governmental Funds (page 20)		$ 5,287,916.63
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.		2,796.93
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $8,838,807.93 and the accumulated depreciation is $3,208,025.89.		5,630,782.04
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		976,248.37
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(279,911.04)
Early Retirement	5,812.02	
OPEB Liability	246,969.00	
Other Long-term Debt	27,130.02	
Property taxes become due and payable on January 1, each year, but are not collected/available soon enough to pay current period expenditures; therefore they are reported as deferred revenue in the fund financial statements. However, because the delinquent taxes are due and payable by the taxpayer at June 30, the delinquent taxes are reported as revenue on the government-wide financial statements.		41,708.91
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(223,910.18)
Net Position - Governmental Funds (page 16)		$ 11,435,631.66

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

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Outlay Fund	Special Education Fund
Revenues:			
Revenue from Local Sources:			
Taxes:			
Ad Valorem Taxes	$ 1,689,114.12	$ 1,322,030.13	$ 948,937.70
Prior Years' Ad Valorem Taxes	16,268.95	9,258.76	4,028.68
Gross Receipts Taxes	244,687.09	-	-
Penalties and Interest on Taxes	5,684.29	4,282.70	2,630.15
Earnings on Investments and Deposits	30,291.00	51,448.04	5,376.71
Cocurricular Activities:			
Admissions	25,765.60	-	-
Other Pupil Activity Income	1,930.00	-	-
Other Revenue from Local Sources:			
Rentals	5,880.00	-	-
Refund of Prior Years' Expenditures	2,594.00	-	-
Medicaid Administration	8,748.02	-	-
Other	27,240.99	-	9,179.52
Revenue from Intermediate Sources:			
County Sources:			
County Apportionment	36,381.81	-	-
Revenue in Lieu of Taxes	1,516.14	2,080.54	1,268.64
Revenue from State Sources:			
Grants-in-Aid:			
Unrestricted Grants-in-Aid	1,338,457.70	-	-
Restricted Grants-in-Aid	969.15	-	-
Restricted Grants-in-Aid Received from Federal Government Through the State	108,911.02	48,361.00	-
Total Revenue	3,544,439.88	1,437,461.17	971,421.40

Pension Fund	Total Governmental Funds
$ -	$ 3,960,081.95
438.64	29,995.03
-	244,687.09
140.61	12,737.75
3,408.86	90,524.61
-	25,765.60
-	1,930.00
-	5,880.00
-	2,594.00
-	8,748.02
-	36,420.51
-	36,381.81
-	4,865.32
-	1,338,457.70
-	969.15
-	157,272.02
3,988.11	5,957,310.56

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Outlay Fund	Special Education Fund
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	828,114.33	86,205.67	-
Middle/Junior High	393,240.87	13,233.55	-
High School	773,452.18	24,752.90	-
Preschool Services	15,877.82	-	-
Special Programs:			
Educationally Deprived	81,545.86	-	-
Support Services:			
Pupils:			
Guidance	105,195.83	-	944.52
Health	5,879.44	-	-
Psychological	-	-	25,629.96
Speech Pathology	-	-	43,879.35
Student Therapy Services	-	-	30,315.60
Orientation and Mobility Services	-	-	2,817.50
Support Services - Instructional Staff:			
Improvement of Instruction	16,187.11	7,500.00	-
Educational Media	62,148.13	70,343.80	-
Support Services - General Administration:			
Board of Education	45,562.83	-	1,177.81
Executive Administration	132,132.04	-	-
Support Services - School Administration:			
Office of the Principal	223,845.72	-	-
Support Services - Business:			
Fiscal Services	147,068.91	9,998.00	-
Facilities Acquisition and Construction		1,000.00	-
Operation and Maintenance of Plant	420,679.95	95,029.47	-
Pupil Transportation	246,927.48	-	101,265.77
Internal Services	16,522.65	2,531.66	-
Nonprogrammed Charges:			
Early Retirement Payments	-	-	-
Debt Services	-	31,238.48	-
Cocurricular Activities:			
Male Activities	51,171.64	5,234.35	-
Female Activities	44,675.92	12,855.37	-
Transportation	18,223.05	-	-
Combined Activities	85,382.03	8,639.82	-
Capital Outlay	-	112,429.56	-
Total Expenditures	3,713,833.79	480,992.63	926,169.50
Excess of Revenue Over (Under) Expenditures	(169,393.91)	956,468.54	45,251.90
Fund Balance - Beginning	1,690,625.70	2,309,372.62	317,123.20
FUND BALANCE - ENDING	$ 1,521,231.79	$ 3,265,841.16	$ 362,375.10

Pension Fund	Total Governmental Funds
-	914,320.00
-	406,474.42
-	798,205.08
-	15,877.82
-	81,545.86
-	106,140.35
-	5,879.44
-	25,629.96
-	43,879.35
-	30,315.60
	2,817.50
-	23,687.11
-	132,491.93
-	46,740.64
-	132,132.04
-	223,845.72
-	157,066.91
-	1,000.00
-	515,709.42
-	348,193.25
-	19,054.31
28,757.32	28,757.32
-	31,238.48
-	56,405.99
-	57,531.29
-	18,223.05
-	94,021.85
-	112,429.56
28,757.32	5,149,753.24
(24,769.21)	807,557.32
163,237.79	4,480,359.31
$ 138,468.58	$ 5,287,916.63

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

DEUEL SCHOOL DISTRICT NO. 19-4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds (page 26)	$	807,557.32
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 with statements.		105,694.68
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.		(149,545.57)
Governmental funds recognized 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.		8,207.98
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.		30,688.48
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(218,441.35)
In both the government-wide and fund financial statement, 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' statement 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".		(2,576.89)
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.		757.49
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		(6,569.51)
Supplies are used by management to charge the costs of certain activities, to other funds. The net revenue (expense) of the supplies is reported within the governmental activities.		5,811.57
Change in Net Position of Governmental Activities (page 18)	$	581,584.20

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

DEUEL SCHOOL DISTRICT No. 19-4 **Exhibit V**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Enterprise Funds		
	Food Service Fund	Other Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ 2,868.56	$ 33,408.75	$ 36,277.31
Accounts Receivable	3,587.44	1,567.78	5,155.22
Inventory of Supplies	470.18	-	470.18
Inventory of Stores Purchased for Resale	5,016.74	-	5,016.74
Inventory of Donated Food	2,206.67	-	2,206.67
Total Current Assets	14,149.59	34,976.53	49,126.12
Noncurrent Assets:			
Net Pension Asset	78.21	13.51	91.72
Capital Assets:			
Machinery and Equipment--Local Funds	56,443.42	-	56,443.42
Machinery and Equipment--Federal Assistance	2,893.26	-	2,893.26
Less: Accumulated Depreciation (Credit)	(52,206.58)	-	(52,206.58)
Total Noncurrent Assets	7,208.31	13.51	7,221.82
TOTAL ASSETS	21,357.90	34,990.04	56,347.94
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	27,296.27	4,720.72	32,016.99
TOTAL DEFERRED OUTFLOWS OF RESOURCES	27,296.27	4,720.72	32,016.99
LIABILITIES:			
Current Liabilities:			
Contracts Payable	-	1,502.84	1,502.84
Accounts Payable	-	400.00	400.00
Payroll Deductions and Withholdings and Employer Matching Payable	3,507.12	1,107.98	4,615.10
Total Current Liabilities	3,507.12	3,010.82	6,517.94
Noncurrent Liabilities:			
OPEB Liability	6,905.00	1,195.00	8,100.00
Total Noncurrent Liabilities	6,905.00	1,195.00	8,100.00
DEFERRED INFLOWS OF RESOURCES:			
Other Deferred Inflows of Resources	12,655.54	-	12,655.54
Pension Related Deferred Inflows	6,260.62	1,082.73	7,343.35
TOTAL DEFERRED INFLOWS OF RESOURCES:	18,916.16	1,082.73	19,998.89
NET POSITION:			
Net Investment in Capital Assets	7,130.10	-	7,130.10
SDRS Pension	21,113.86	3,651.50	24,765.36
Unrestricted Net Position	(8,918.07)	30,770.71	21,852.64
Total Net Position	$ 19,325.89	$ 34,422.21	$ 53,748.10

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

DEUEL SCHOOL DISTRICT NO. 19-4 **Exhibit VI**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds		Total
	Food Service Fund	Other Enterprise Funds	
Operating Revenue:			
Food Sales:			
Student	$ 129,720.86	$ -	$ 129,720.86
Adult	690.45	-	690.45
Other Charges for Goods and Services	48.40	27,181.22	27,229.62
Total Operating Revenue	130,459.71	27,181.22	157,640.93
Operating Expenses:			
Salaries	75,888.65	12,684.44	88,573.09
Employee Benefits	36,627.62	8,155.69	44,783.31
Purchased Services	17,202.60	-	17,202.60
Supplies	13,581.23	344.95	13,926.18
Cost of Sales - Purchased	126,149.24	-	126,149.24
Cost of Sales - Donated	14,844.72	-	14,844.72
Depreciation	518.33	-	518.33
Total Operating Expenses	284,812.39	21,185.08	305,997.47
Operating Income (Loss)	(154,352.68)	5,996.14	(148,356.54)
Nonoperating Revenue:			
State Grants	1,043.70	-	1,043.70
Federal Grants	81,969.61	-	81,969.61
Donated Food	17,016.89	-	17,016.89
Total Nonoperating Revenue (Expense)	100,030.20	-	100,030.20
Change in Net Position	(54,322.48)	5,996.14	(48,326.34)
Net Position - Beginning	73,648.37	28,426.07	102,074.44
NET POSITION - ENDING	$ 19,325.89	$ 34,422.21	$ 53,748.10

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

DEUEL SCHOOL DISTRICT NO. 19-4 **Exhibit VII**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds		
	Food Service Fund	Other Enterprise Funds	Total
Cash Flows from Operating Activities:			
Cash Receipts from Customers	$ 140,720.45	$ 25,613.44	$ 166,333.89
Cash Receipts from Interfund Services Provided			
Cash Payments to Employees for Services	(106,338.30)	(19,632.14)	(125,970.44)
Cash Payments to Suppliers of Goods or Services	(129,700.73)	55.05	(129,645.68)
Other Operating Cash Payments	(30,783.83)	-	(30,783.83)
Net Cash Provided (Used) by Operating Activities	(126,102.41)	6,036.35	(120,066.06)
Cash Flows from Noncapital Financing Activities:			
Cash Reimbursements-State Sources	1,043.70	-	1,043.70
Cash Reimbursements-Federal Sources	81,969.61	-	81,969.61
Net Cash Flows from Noncapital Financing Activities	83,013.31	-	83,013.31
Net Increase (Decrease) in Cash and Cash Equivalents	(43,089.10)	6,036.35	(37,052.75)
Cash and Cash Equivalents at Beginning of Year	45,957.66	27,372.40	73,330.06
Cash and Cash Equivalents at End of Year	2,868.56	33,408.75	36,277.31
Net Increase (Decrease) in Cash and Cash Equivalents	$ (43,089.10)	$ 6,036.35	$ (37,052.75)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ (154,352.68)	$ 5,996.14	(148,356.54)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	518.33	-	518.33
Value of Donated Commodities Used	14,844.72	-	14,844.72
Change in Assets and Liabilities:			
Receivables	2,471.40	(1,567.78)	903.62
Inventories	(3,430.69)	-	(3,430.69)
Net Pension Asset	228.40	1,100.85	1,329.25
GASB 75 OPEB Liability	81.00	20.00	101.00
Accounts and Other Payables	(120.80)	400.00	279.20
Pension Related Deferred Outflows	6,031.43		6,031.43
Pension Related Deferred Inflows	80.02		80.02
Deferred Revenue	7,789.34	-	7,789.34
Accrued Wages Payable	(242.88)	87.14	(155.74)
Net Cash Provided (Used) by Operating Activities	$ (126,102.41)	$ 6,036.35	$ (120,066.06)
Noncash Investing, Capital and Financing Activities:			
Loss on Disposal of Capital Assets Not Affecting Operating Income			
Value of Commodities Received	$ 17,016.89		

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

DEUEL SCHOOL DISTRICT NO. 19-4 **Exhibit VIII**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2019

	Private-Purpose Trust Funds	Agency Funds
ASSETS:		
Cash and Cash Equivalents	$ 4,848.89	$ 176,934.10
Investments, at Fair Value	-	-
Accounts Receivable	-	3,179.69
TOTAL ASSETS	4,848.89	180,113.79
LIABILITIES:		
Accounts Payable and Other Payables		
Amounts Held for Others	-	180,113.79
Due to Other Governments		
Total Liabilities	-	180,113.79
NET POSITION		
Held in Trust for Scholarships	4,848.89	-
TOTAL LIABILITIES AND NET POSITION	$ 4,848.89	$ 180,113.79

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

DEUEL SCHOOL DISTRICT NO. 19-4 **Exhibit IX**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust Funds
ADDITIONS:	
Contributions and Donations	$ 1,500.00
Other Additions	$ 649.80
Total Additions	2,149.80
DEDUCTIONS:	
Trust Deductions for Scholarships	1,250.00
Other Deductions	-
Total Deductions	1,250.00
Change in Net Position	899.80
Net Position - Beginning	3,949.09
Net Assets - Beginning	3,949.09
NET POSITION - ENDING	$ 4,848.89

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the 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 Deuel School District No. 19-4 (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.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the District (primary government). The District may also be financially accountable for another organization if that organization is fiscally dependent on the District. The District does not have any component units.

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

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 is 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 District and for each function of the 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 categories. A fund is considered major if it is the primary operating fund of the District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures-expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures-expenses of the individual governmental or enterprise fund are at least 5% 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 District financial reporting entity are described below within their respective fund types:

Governmental Funds:

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

Special Revenue Fund Types – 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 District. This fund is financed by grants and property taxes. This is a major fund.

Pension Fund – A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of districts, which have established such systems, paying the District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. The District has elected to report this fund as a major fund.

Proprietary Funds:

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

a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit – even if that government is not expected to make any payments – is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with fees and charges, rather than with taxes or similar revenues.
c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

Other Enterprise Fund – A fund used to record financial transactions related to pre-school and driver's education. This fund is financed by user charges and grants. The District has elected to report this fund as a major fund.

Fiduciary Funds:

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

Private-Purpose Trust Fund Types – 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 District maintains the following private-purpose trust funds:

The Washington Leadership Conference Fund, One Time Scholarship Fund, and Norman Knutson Jr. Scholarship Fund are all used for the purpose of providing scholarships to students.

Agency Fund Types – Agency funds are used to account for resources held by the 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 District maintains agency funds to hold assets as an agent in a trustee capacity for various classes, clubs and so on.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the District is 60 days. The revenues which are accrued at June 30, 2019 are from federal sources, other school districts, and other local sources.

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 or 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:

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

e. 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 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 it 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 capital asset used in business-type activities-proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

The total June 30, 2019 balance of capital assets for governmental activities includes approximately 20.48% for which the costs were determined by estimates of the original costs. The total June 30, 2019 balance of capital assets for business-type activities are all valued at original cost. These estimated original costs were established by appraisals or deflated current replacement cost as determined for Deuel School District by the Valuation Advisory Group, Inc.

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	------N/A------	------N/A------
Improvements	$ 10,000.00	Straight-line	15-25 years
Buildings	$ 50,000.00	Straight-line	50-100 years
Machinery and Equipment (Governmental Funds)	$ 5,000.00	Straight-line	5-20 years
Machinery and Equipment (Enterprise Funds)	$ 1,500.00	Straight-line	20 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

f. 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 early retirement benefits and financing (capital acquisition) leases.

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

g. Program Revenues:

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

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

h. 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.

i. Cash and Cash Equivalents:

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

j. 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 private purposes.

k. Application of Net Position:

It is the 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.

l. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the 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 internally imposed by the 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 District Board of Education or the Business Manager.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the Deposit-Insurance Pool for $40,546.

The Governing Board did not commit to any fund balance types during the fiscal year but assigned $17,707 for unemployment insurance to the General fund balance types during a prior year.

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

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

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

Major Special Revenue Fund	Revenue Source
Capital Outlay Fund	Property Taxes
Special Education Fund	Grants and Property Taxes
Pension Fund	Property Taxes

m. 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. District contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The District is prohibited by statute from spending in excess of appropriated amounts at the fund level. The District did not have any significant overdrafts of the expenditures compared to appropriations in any fund in the current year.

3. DEFICIT FUND BALANCES-NET POSITION OF INDIVIDUAL NONMAJOR FUNDS

As of June 30, 2019, there were no individual nonmajor funds that had deficit fund balances-net position.

4. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

Deposits – The 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% 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 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, 2019, the District did not have any investments.

Credit Risk – State law limits eligible investments for the District, as discussed above. The District has no investment policy that would further limit its investment choices. As of June 30, 2019, the District did not have any investments.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2019, none of the District's deposits in financial institutions were exposed to custodial credit risk.

Interest Rate Risk – The 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 District's policy is to credit all income from deposits and investments to the General Fund, except for the private-purpose trust funds which retains its investment income. USGAAP, on the other hand, requires income from deposit and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

5. RECEIVABLES AND PAYABLES

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

6. INVENTORY

Inventory is maintained only in the Food Service Fund, which is held for consumption and is stated at the lower of cost or market. The cost valuation method is first-in, first-out basis. 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. There were no material inventories on hand at June 30, 2019 in the governmental funds.

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.

7. PROPERTY TAXES

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, becoming due and payable as of the following January 1, and are payable in two installments on or before the following June 10 and October 31. The county bills and collects the District's taxes and remits them to the District.

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 is not susceptible to accrual has been reported as deferred inflow of resources 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."

8. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

Primary Government	Balance 6/30/2018	Increases	Decreases and Adjustments	Balance 6/30/2018
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	$ 101,083.45	$ -	$ -	$ 101,083.45
Total Capital Assets, not being Deprecated	101,083.45	-	-	101,083.45
Capital Assets, being Depreciated:				
Buildings	7,162,811.10	-	-	7,162,811.10
Improvements Other than Buildings	287,500.00	-	-	287,500.00
Machinery and Equipment	1,257,018.70	105,694.68	(75,300.00)	1,287,413.38
Totals	8,707,329.80	105,694.68	(75,300.00)	8,737,724.48
Less Accumulated Depreciation for:				
Buildings	1,985,051.70	85,899.80	-	2,070,951.50
Improvements Other than Buildings	257,620.00	9,960.00	-	267,580.00
Machinery and Equipment	891,108.62	53,685.77	(75,300.00)	869,494.39
Totals	3,133,780.32	149,545.57	(75,300.00)	3,208,025.89
Total Capital Assets, being Depreciated, Net	5,573,549.48	(43,850.89)	-	5,529,698.59
Governmental Activity Capital Assets, Net	$ 5,674,632.93	$ (43,850.89)	$ -	$ 5,630,782.04

Depreciation expense was charged to functions as follows:	
Instruction	$ 63,523.10
Support Services	61,133.81
Co-Curricular Activities	24,888.66
Total Depreciation Expense - Governmental Activities	$ 149,545.57

Business-Type Activities:	Balance 6/30/2018	Increases	Decreases and Adjustments	Balance 6/30/2018
Capital Assets, being Depreciated:				
Machinery and Equipment	$ 59,336.68	$ -		$ 59,336.68
Less Accumulated Depreciation for:				
Machinery and Equipment	51,688.25	518.33		52,206.58
Total Capital Assets, being Depreciated, Net	$ 7,648.43	$ (518.33)	$ -	$ 7,130.10

Depreciation expense was charged to functions as follows:	
Food Service	$ 518.33

9. LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2019 is as follows:

Government Activities	Balance 7/1/18	Additions	Deletions	Balance 6/30/2019	Due Within One Year
Gymnastics Building Lease (Capital acquision)	$ 30,000.00	$ -	$ 15,000.00	$ 15,000.00	$ 15,000.00
Early Retirement	14,020.00	-	8,207.98	5,812.02	5,812.02
Video Lease	4,450.00	-	4,450.00	-	-
Copier Lease	23,368.50	-	11,238.48	12,130.02	11,238.48
	$ 71,838.50	$ -	$ 38,896.46	$ 32,942.04	$ 32,050.50

Early Retirement Benefits payable for governmental activities typically have been liquidated from the Pension Fund.

Liabilities payable at June 30, 2019 are comprised of the following:

Capital Acquision Lease;		
2008 Gymnastics Lease, Interest Rate-0%, Due Annually October 1 until Sept. 30, 2019. Service by Capital Outlay	$	15,000.00
Early Retirement		
Monthly payments for early retirement benefits, which has been calculated by the annual full-time salary times .0075 times the number of months until the retiree reaches 62. There is no interest paid and the final payment will be made in FYE 2020. Service by Pension Fund	$	5,812.02
Copiers Lease		
4 units for 48 months for $936.54 per month starting July 2016. Serviced by Capital Outlay	$	12,130.02

The present value of the financing (capital acquisition) lease is $132,568.96.

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2019 are as follows:

Year Ending	Financing (Capital Acquistions) Lease Principal	Early Retirement
2020	15,000.00	5,812.02
	$ 15,000.00	$ 5,812.02

10. OPERATING LEASES

As of June 30, 2019, District was leasing four copiers under operating leases with an office equipment company. The lease started June 27, 2019; monthly payments made the 27th of each month with the final payment due June 27, 2020. Payments are made from the Capital Outlay Fund as required by SDCL 13-16-6. The following are the minimum payments required for the existing operating lease:

Year Ending	Copier Lease
2020	$ 11,238.48
2021	891.54
	$ 12,130.02

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

This requirement is effectively met by the statements in this report because the two enterprise funds maintained by the district, the Food Service Fund and the Other Enterprise Fund, have been reported as major funds, and therefore, the required segment information has already been disclosed in the fund basic financial statements.

12. RESTRICTED NET POSITION

Restricted net position for the year ended June 30, 2019 was as follows:

	Restricted By	
Major Funds:		
Capital Outlay	Law	$ 3,265,387.78
Special Education	Law	369,534.15
Pension	Law	138,749.39
SDRS Pension	Governmental Accounting Standards	779,900.47
Deposit-Insurance Pool	Law	40,546.00
Total Restricted Net Position		$ 4,594,117.79

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 survivors 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://www.sdrs.sd.gov/publications/ or writing to the SDRS, P.O. Box 1098, Pierre, SD 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 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 retirement benefits 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 the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and not greater than 3.5%.

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

All benefits except those 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 District's share of contributions to the SDRS for the fiscal years ended June 30, 2019, 2018, and 2017, equal to the required contributions each year, were as follows:

Year	Amount
2019	$ 161,737.90
2018	$ 154,493.24
2017	$ 149,665.37

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

At June 30, 2018 SDRS is 100.02% funded and accordingly had a net pension asset. The proportionate shares of the components of the net pension liability (asset) of South Dakota Retirement System, for the District as of the measurement period ending June 30, 2018 and reported by the District as of June 30, 2019 are as follows:

Proportionate share of pension liability	$	15,151,991.80
Less proportionate share of net pension restricted for pension benefits	$	15,154,880.45
Proportionate share of net pension liability (asset)	$	(2,888.65)

At June 30, 2019, the District reported a liability (asset) of ($2,888.65) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2018, the District's proportion was 0.12385770%, which is an increase (decrease) of 0.0010885% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense (reduction of pension expense) of $217,715.02. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience.	$ 109,180.27	$ -
Changes in assumption.	733,377.19	-
Net Differences between projected and actual earnings on pension plan investments.	-	218,314.45
Changes in proportion and difference between District contributions and proportionate share of contributions.	3,970.00	12,939.08
District contributions subsequent to the measurement date.	161,737.90	-
Total	$ 1,008,265.36	$ 231,253.53

The District reported $161,737.90 as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	
2020	$ 392,950.41
2021	288,448.08
2022	(41,370.82)
2023	(24,753.75)
2024	-
Thereafter	-
Total	$ 615,273.92

Actuarial Assumptions:

The total pension asset in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense

Mortality rates were based on 97% of the RP-2014 Mortality Table, 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, projected generationally with Scale MP-2016.

A detailed experience analysis covering the period from June 30, 2011 to June 30, 2016, was conducted and appropriate modifications in the economic and demographic assumptions were made effective with the June 30, 2017 actuarial valuation.

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, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.8%
Fixed Income	30.0%	1.8%
Real Estate	10.0%	4.6%
Cash	2.0%	0.7%
Total	100.0%	

Discount Rate:

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

Sensitivity of asset to changes in the discount rate:

The following presents the District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50% as well as what the 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:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	$ 2,181,739.42	$ (2,888.65)	$ (1,779,965.04)

Pension Plan Fiduciary Net Position:

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

14. OTHER POST EMPLOYMENT BENETITS (OPEB) – HEALTHCARE PLAN

Plan Description – The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses as permitted by South Dakota Codified Law 6-1-16. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	64
Total	74

Total OPEB Liability – The District's total OPEB liability of $255,069 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	3.00% per annum.
Rate of salary increase (effective June 30, 2018)	6.50% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.58% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	6.10% initial rate decreasing by 0.30% annually to an ultimate rate of 4.9%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.58% which reflects the index rate for 20-year Bond Buyer GO Index.

Mortality rates are from RP-2014 Morality Table (97%), White Collar table for females, total dataset for males, adjusted to 2006 and projected generationally with MP-2017.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 246,801
Changes for the year:	
Service cost	19,287
Interest cost	9,280
Changes in assumptions	(6,426)
Benefit payments	(13,873)
Net changes	8,268
Total OPEB liability end of year	$ 255,069

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2018 to 3.58% in fiscal year 2019.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.58%) or 1% higher (4.58%) than the current discount rate.

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	$ 278,449	$ 255,069	$ 234,859

Sensitivity of the District's Total OPEB Liability to Changes in the Current Trend Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using current trend rate that is 1% lower (5.10%) or 1% higher (7.10%) than the current trend rate.

	1% Decrease (5.10%)	Current Trend Rate (6.10%)	1% Increase (7.10%)
Total OPEB liability	$ 222,765	$ 255,069	$ 275,764

15. JOINT VENTURES

The District participates in the joint venture known as Northeast Educational Services Cooperative (Co-op) formed for the purpose of providing special education and other services to the member districts.

The members of the Co-op and their relative percentage participation in the Co-op are as follows:

Arlington School District No. 38-1	3.540%
Britton-Hecla School District No. 45-4	5.610%
Castlewood School District No. 28-1	3.930%
Clark School District No. 12-2	5.320%
DeSmet School District No. 38-2	4.180%
Deubrook Area School District No. 5-6	5.050%
Deuel School District No. 19-4	6.760%
Elkton School District No. 5-3	4.210%
Enemy Swim School District 18301	2.110%
Estelline School District No. 28-2	3.810%
Florence School District No. 14-1	3.530%
Hamlin School District No. 28-3	10.700%
Henry School District No. 14-2	2.280%
Iroquois School District No. 02-3	2.940%
Lake Preston School District No. 38-3	2.170%
Rosholt School District No. 54-4	3.370%
Sioux Valley School District No. 5-5	8.920%
Summit School District No. 54-6	2.100%
Waubay School District No. 18-3	2.280%
Waverly/South Shore School District No. 14-5	3.370%
Webster School District No. 18-4	7.240%
Willow Lake School District No. 12-2	3.430%
Wilmot School District No. 54-7	3.160%

The Co-op's governing board is composed of one representative from each member district, who is a District Board of Education member. The board is responsible for adopting the Co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The District retains no equity interest in the Co-op (joint venture) but does have a responsibility to fund deficits of the Co-op (joint venture) in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Northeast Educational Services Cooperative business office in Hayti, South Dakota.

At June 30, 2019, this joint venture had total assets of $1,988,879.80, deferred outflows of resources of $993,046.76, total liabilities of $464,432.95, deferred inflows of resources of $214,043.41 and total net position of $2,303,450.20.

16. RISK MANAGEMENT

The 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, 2019, the District managed its risks as follows:

Employee Health Insurance:

The District joined the Northern Plains Insurance Pool (Pool). The Pool is a Joint Power Authority authorized by South Dakota Codified Law (SDCL) 1-24 et. Seq., SDCL 13-10-3 and SDCL 8-2-16. The Pool provides eligible employees group health and welfare plans that are jointly sponsored by the governmental units in the Pool. The District pays a monthly premium to the Pool to provide health insurance coverage for its employees. The Pool has service agreements with Sanford Health Plan and South Dakota State Medical Holding Company, Inc., d/b/a DAKOTACARE and its subsidiary Dakota Administrative Services who are engaged to provide health claims administration services. The Pool utilizes a reinsurance agreement to limit maximum loss and

minimize on larger risks, all members are covered under a reinsurance agreement with a $225,000 deductible.

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

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

The District has a deposit with the Northern Plains Insurance Pool of $40,536. As of June 30, 2019, 60% of the deposit was vested for refund if the District would terminate their membership.

Liability Insurance:

The 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.

Worker's Compensation:

The District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provides workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The District pays an annual premium to provide worker's compensation coverage for its employees under a retrospectively rated policy, and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first $500,000 of any claim per individual. The pool has reinsurance which covers up to $1,000,000 per individual per incident.

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

Unemployment Benefits:

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

The District has Assigned Fund Balance in the General Fund in the amount of $17,707.00 for the payment of future unemployment benefits.

During the year ended June 30, 2019, one claim was filed for unemployment benefits. The claim resulted in the payment of benefits in the amount of $2,819.00. At June 30, 2019 there were no claims filed or outstanding. There are no new claims that have been made for the 2019-20 school year.

17. SIGNIFICANT CONTINGENCIES – LITIGATION

At June 30, 2019, the District was not involved in any litigation.

18. TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or citizens of those governments.

Deuel County and the City of Clear Lake have put in place a discretionary formula to spur development within the County and City. The County-wide rate of taxation of the evaluation of new Non-Residential, Ag, Industrial, and Commercial structures or additions in the County which have a full and true value according to the limits defined in South Dakota Codified Laws shall be set as a percentage of full and true value increasing each of the first five years. The County and City's discretionary program more closely resembles broad tax exemptions or deductions rather than individual tax abatement agreements.

19. SUBSEQUENT EVENTS

The District has evaluated for subsequent events through June 10, 2020, the date which the financial statements were available to be issued. The COVID-19 pandemic closed the school starting Mach 16, 2020; this is a nonrecognized subsequent event as the financial risks cannot be determined for the District at this time.

DEUEL SCHOOL DISTRICT NO. 19-4

REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD & A

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	$ 1,640,000.00	$ 1,640,000.00	$ 1,689,114.12	$ 49,114.12
Prior Years' Ad Valorem Taxes	18,000.00	18,000.00	16,268.95	(1,731.05)
Gross Receipts Taxes	210,000.00	210,000.00	244,687.09	34,687.09
Penalties and Interest on Taxes	7,000.00	7,000.00	5,684.29	(1,315.71)
Earnings on Investments and Deposits	20,000.00	20,000.00	30,291.00	10,291.00
Cocurricular Activities:				
Admissions	30,250.00	30,250.00	25,765.60	(4,484.40)
Other Pupil Activity Income	6,500.00	6,500.00	1,930.00	(4,570.00)
Other Revenue from Local Sources:				
Rentals	2,000.00	2,000.00	5,880.00	3,880.00
Refund of Prior Years' Expenditures	-	-	2,594.00	2,594.00
Medicaid Administration	15,000.00	15,000.00	8,748.02	(6,251.98)
Other	30,000.00	32,750.00	27,240.99	(5,509.01)
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	40,000.00	40,000.00	36,381.81	(3,618.19)
Revenue in Lieu of Taxes	-	-	1,516.14	1,516.14
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	1,293,195.00	1,293,195.00	1,338,457.70	45,262.70
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants- in-Aid Received from Federal Government Through the State	119,758.00	119,758.00	108,911.02	(10,846.98)
Total Revenue	3,431,703.00	3,434,453.00	3,544,439.88	109,986.88

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	837,877.00	846,197.00	828,114.33	18,082.67
Middle/Junior High	404,792.00	408,392.00	393,240.87	15,151.13
High School	795,225.00	804,125.00	773,452.18	30,672.82
Preschool Services	16,062.00	16,062.00	15,877.82	184.18
Special Programs:				
Educationally Deprived	84,080.00	84,080.00	81,545.86	2,534.14
Support Services - Pupils				
Guidance	112,033.00	112,033.00	105,195.83	6,837.17
Health	6,350.00	6,350.00	5,879.44	470.56
Support Services - Instructional Staff:				
Improvement of Instruction	30,352.00	30,352.00	16,187.11	14,164.89
Educational Media	72,879.00	74,879.00	62,148.13	12,730.87
Support Services - General Administration:				
Board of Education	38,035.00	50,050.00	45,562.83	4,487.17
Executive Administration	130,321.00	132,821.00	132,132.04	688.96
Support Services - School Administration:				
Office of the Principal	226,465.00	226,465.00	223,845.72	2,619.28
Support Services - Business:				
Fiscal Services	151,607.00	151,607.00	147,068.91	4,538.09
Operation and Maintenance of Plant	434,482.00	458,682.00	420,679.95	38,002.05
Pupil Transportation	265,939.00	265,939.00	246,927.48	19,011.52
Internal Services	17,900.00	17,900.00	16,522.65	1,377.35
Cocurricular Activities:				
Male Activities	78,035.00	79,635.00	51,171.64	28,463.36
Female Activities	61,824.00	61,824.00	44,675.92	17,148.08
Transportation	15,571.00	18,571.00	18,223.05	347.95
Combined Activities	121,460.00	121,460.00	85,382.03	36,077.97
Contingencies	25,000.00	25,000.00	-	25,000.00
Total Expenditures	3,926,289.00	3,992,424.00	3,713,833.79	278,590.21
Excess of Revenue Over (Under) Expenditures	(494,586.00)	(557,971.00)	(169,393.91)	388,577.09
Fund Balance - Beginning	1,690,625.70	1,690,625.70	1,690,625.70	-
FUND BALANCE - ENDING	$ 1,196,039.70	$ 1,132,654.70	$ 1,521,231.79	$ 388,577.09

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT 19-4
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	$ 1,273,000.00	$ 1,273,000.00	$ 1,322,030.13	$ 49,030.13
Prior Years' Ad Valorem Taxes	4,000.00	4,000.00	9,258.76	5,258.76
Penalties and Interest on Taxes	4,000.00	4,000.00	4,282.70	282.70
Earnings on Investments and Deposits	15,000.00	15,000.00	51,448.04	36,448.04
Revenue in Lieu of Taxes	-	-	2,080.54	2,080.54
Revenue from Federal Sources:				
Other Federal Revenue	-	19,800.00	48,361.00	28,561.00
Total Revenue	1,296,000.00	1,315,800.00	1,437,461.17	121,661.17
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	62,409.00	87,209.00	86,205.67	1,003.33
Middle/Junior High	14,157.00	14,157.00	13,233.55	923.45
High School	23,673.00	33,873.00	24,752.90	9,120.10
Support Services:				
Support Services - Instructional Staff:				
Improvement of Instruction	32,600.00	32,600.00	7,500.00	25,100.00
Educational Media	74,864.00	74,864.00	70,343.80	4,520.20
Support Services - Business:				
Fiscal Services	10,000.00	10,000.00	9,998.00	2.00
Facilities Acquisition and Construction	1,000.00	1,000.00	1,000.00	-
Operation and Maintenance of Plant	117,500.00	117,500.00	95,029.47	22,470.53
Internal Services	2,600.00	2,600.00	2,531.66	68.34
Debt Services	77,331.00	77,331.00	31,238.48	46,092.52
Cocurricular Activities:				
Male Activities	3,675.00	5,275.00	5,234.35	40.65
Female Activities	16,940.00	16,940.00	12,855.37	4,084.63
Combined Activities	8,745.00	8,745.00	8,639.82	105.18
Capital Outlay	112,500.00	112,500.00	112,429.56	70.44
Total Expenditures	557,994.00	594,594.00	480,992.63	113,601.37
Excess of Revenue Over (Under) Expenditures	738,006.00	721,206.00	956,468.54	235,262.54
Net Change in Fund Balances	738,006.00	721,206.00	956,468.54	235,262.54
Fund Balance - Beginning	2,309,372.62	2,309,372.62	2,309,372.62	-
FUND BALANCE - ENDING	$ 3,047,378.62	$ 3,030,578.62	$ 3,265,841.16	$ 235,262.54

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT 19-4
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	$ 937,200.00	$ 937,200.00	$ 948,937.70	$ 11,737.70
Prior Years' Ad Valorem Taxes	4,000.00	4,000.00	4,028.68	28.68
Penalties and Interest	2,000.00	2,000.00	2,630.15	630.15
Earnings on Investments and Deposits	12,500.00	12,500.00	5,376.71	(7,123.29)
Other Revenue from Local Sources:				
Other	10,000.00	10,000.00	9,179.52	(820.48)
Revenue in Lieu of Taxes		-	1,268.64	1,268.64
Total Revenue	965,700.00	965,700.00	971,421.40	5,721.40
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	702,882.00	766,292.00	720,138.99	46,153.01
Support Services:				
Pupils:				
Guidance	945.00	945.00	944.52	0.48
Psychological	25,630.00	25,630.00	25,629.96	0.04
Speech Pathology	41,159.00	43,959.00	43,879.35	79.65
Student Therapy Services	30,317.00	30,317.00	30,315.60	1.40
Orientation and Mobility Services	24,000.00	24,000.00	2,817.50	21,182.50
Support Services - General Administration:				
Board of Education	1,255.00	1,255.00	1,177.81	77.19
Support Services - Special Education				
Other Special Education Costs	105,000.00	105,000.00	101,265.77	3,734.23
Total Expenditures	931,188.00	997,398.00	926,169.50	71,228.50
Excess of Revenue Over (Under) Expenditures	34,512.00	(31,698.00)	45,251.90	76,949.90
Fund Balance - Beginning	317,123.20	317,123.20	317,123.20	-
FUND BALANCE - ENDING	$ 351,635.20	$ 285,425.20	$ 362,375.10	$ 76,949.90

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT 19-4
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - PENSION FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Prior Years' Ad Valorem Taxes	800.00	800.00	438.64	(361.36)
Penalties and Interest on Taxes	300.00	300.00	140.61	(159.39)
Earnings on Investments and Deposits	100.00	100.00	3,408.86	3,308.86
Total Revenue	1,200.00	1,200.00	3,988.11	2,788.11
Expenditures:				
Nonprogrammed Charges:				
Early Retirement Payments	8,209.00	29,209.00	28,757.32	451.68
Total Expenditures	8,209.00	29,209.00	28,757.32	451.68
Excess of Revenue Over (Under) Expenditures	(7,009.00)	(28,009.00)	(24,769.21)	3,239.79
Fund Balance - Beginning	163,237.79	163,237.79	163,237.79	-
FUND BALANCE - ENDING	$ 156,228.79	$ 135,228.79	$ 138,468.58	$ 3,239.79

DEUEL SCHOOL DISTRICT NO. 19-4
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

A. Budgets and Budgetary Accounting:

The 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 District Board of Education 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 District Board of Education 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 District Board of Education must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
6. After adoption by the District Board of Education, 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% of the total District budget and may be transferred by resolution of the District Board of Education 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 monies are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the District Board of Education.
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).

B. 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-Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

DEUEL SCHOOL DISTRICT NO. 19-4

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT 19-4
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.1238577%	0.1227692%	0.1194906%	0.1189989%	0.1245593%
District's proportionate share of net pension liability (asset)	(2,889)	(11,141)	403,628	(504,708)	(897,399)
District covered-employee payroll	$ 2,695,629	$ 2,574,880	$ 2,494,416	$ 2,272,106	$ 2,172,577
District's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	(0.11%)	(0.43%)	16.18%	(22.21%)	(41.31%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	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 previous fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT 19-4
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

South Dakota Retirement System

Last 10 Fiscal Years

	2019	2018	2017	2016
Contractually required contribution	$ 161,738	$ 154,493	$ 149,665	$ 136,500
Contribtutions in relation to the contractually required contribution	161,738	154,493	149,665	136,500
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,695,629	$ 2,574,880	$ 2,494,416	$ 2,272,106
Contributions as a percentage of covered-employee payroll	6.0%	6.0%	6.0%	6.0%

2015	2014	2013	2012	2011	2010
$ 130,355	$ 130,692	$ 130,983	$ 130,193	$ 131,910	$ 129,564
130,355	130,692	130,983	130,193	131,910	129,564
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,172,577	$ 2,179,334	$ 2,183,030	$ 2,169,873	$ 2,198,496	$ 2,159,391
6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Notes to Required Supplementary Information
for the Year Ended June 30, 2019
DEUEL SCHOOL DISTRICT NO. 19-4
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

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 Fair Value Funded Ratio (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, 2017 and exists again this year as of June 30, 2018. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.89% as of June 30, 2017 and is 2.03% as of June 30, 2018.

The changes in actuarial assumptions increased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 1.89% COLA, reflecting the current and assumed future restricted maximum COLA of 2.03%.

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT 19-4
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY, RELATED RATIOS AND NOTES
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Service cost	$ 19,287	$ 20,946
Interest cost	9,280	7,467
Changes in assumptions	(6,426)	(16,560)
Benefit payments	(13,873)	(12,094)
Net change in total OPEB liability	8,268	(241)
Total OPEB liability beginning of year, as restated	246,801	247,042
Total OPEB liability end of year	$ 255,069	$ 246,801
Covered-employee payroll	$ 2,695,629	$ 2,582,526
Total OPEB liability as a percentage of covered-employee payroll	9.462%	9.557%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.58%

DEUEL SCHOOL DISTRICT NO. 19-4