FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DEUEL SCHOOL DISTRICT NO. 19-4

JUNE 30, 2020

WNC *William Neale & Co., P.C.*
Certified Public Accountants

DEUEL SCHOOL DISTRICT NO. 19-4
SCHOOL DISTRICT OFFICIALS AND OFFICIAL NEWSPAPER
June 30, 2020

Board Members:

Luke Andersen, Chairman
Wade Gubrud, Vice Chairman
Michelle Prins
Jessica TeKrony
Debbe Koenecke (Resigned March 2020)
Melody Budahl (Appointed April 2020)

Superintendent:

Chad Schiernbeck

Business Manager:

Blaine Franken

Official Newspapers:

The Clear Lake Courier

DEUEL SCHOOL DISTRICT NO. 19-4
TABLE OF CONTENTS

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* 1-2

Schedule of Prior Audit Findings 3

Schedule of Current Audit Findings 4

Independent Auditor's Report 5-6

Government-Wide Financial Statements:

As of June 30, 2020:

Statement of Net Position 7

For the Year Ended June 30, 2020:

Statement of Activities 8

Fund Financial Statements:

As of June 30, 2020:

Balance Sheet – Governmental Funds 9

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 10

For the Year Ended June 30, 2020:

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 11-13

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities 14

As of June 30, 2020:

Statement of Net Position – Proprietary Funds 15

For the Year Ended June 30, 2020:

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 16

Statement of Cash Flows – Proprietary Funds 17

As of June 30, 2020:

Statement of Net Position – Fiduciary Funds 18

For the Year Ended June 30, 2020:

Statement of Changes in Net Position – Fiduciary Funds 19

Notes to the Financial Statements 20-39

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund 40-41

Budgetary Comparison Schedule – Capital Outlay Fund 42-43

Budgetary Comparison Schedule – Special Education Fund 44

Budgetary Comparison Schedule – Pension Fund 45

Notes to the Required Supplementary Information – Budgetary Comparison Schedules 46

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) 47

Schedule of the School District Pension Contributions 48

Notes to the Required Supplementary Information – Pension Schedules 49

Schedule of Changes in School District's Total OPEB Liability, Related Notes and Ratios 50

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

School Board
Deuel School District No. 19-4
Deuel County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deuel School District No. 19-4, South Dakota (School District), as of June 30, 2020 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated July 26, 2021

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing* Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

William Neale & Co., P.C.

Watertown, South Dakota
July 26, 2021

DEUEL SCHOOL DISTRICT NO. 19-4
SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2020

PRIOR AUDIT FINDINGS

The prior audit report contained no written audit findings.

DEUEL SCHOOL DISTRICT NO. 19-4
SCHEDULE OF CURRENT AUDIT FINDINGS
For the Year Ended June 30, 2020

CURRENT AUDIT FINDINGS

There are no written current audit findings to report.

INDEPENDENT AUDITOR'S REPORT

School Board
Deuel School District No. 19-4
Deuel County, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deuel School District No. 19-4, South Dakota (School District), as of June 30, 2020, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The School 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deuel School District No. 19-4, South Dakota, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), Schedule of the School District Pension Contributions, and Schedule of Changes in School District's Total OPEB Liability, Related Notes and Ratios on pages 40 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2021 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

William Neale & Co., P.C.

Watertown, South Dakota
July 26, 2021

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Equivalents	$ 6,536,972.79	$ 23,279.12	$ 6,560,251.91
Taxes Receivable	1,932,991.79	-	1,932,991.79
Inventories	-	13,758.41	13,758.41
Other Assets	383,924.56	5,417.69	389,342.25
Net Pension Asset	13,008.38	426.96	13,435.34
Capital Assets:			
Land, Improvements and Construction Work in Process	101,083.45	-	101,083.45
Other Capital Assets, Net of Depreciation	5,475,360.28	6,611.77	5,481,972.05
TOTAL ASSETS	14,443,341.25	49,493.95	14,492,835.20
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	657,630.11	21,988.39	679,618.50
LIABILITIES:			
Accounts Payable	43,810.06	156.93	43,966.99
Other Current Liabilities	433,322.55	18,742.95	452,065.50
Noncurrent Liabilities:			
Due Within One Year	-	-	-
Due in More than One Year	192,181.00	11,396.00	203,577.00
TOTAL LIABILITIES	669,313.61	30,295.88	699,609.49
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for Future Period	1,890,619.10	-	1,890,619.10
Pension Related Deferred Inflows	284,308.59	9,169.18	293,477.77
OPEB Related Deferred Inflows	67,410.00	3,997.00	71,407.00
TOTAL DEFERRED INFLOWS OF RESOURCES	2,242,337.69	13,166.18	2,255,503.87
NET POSITION:			
Net Investment in Capital Assets	5,576,443.73	6,611.77	5,583,055.50
Restricted for:			
Capital Outlay	4,304,108.07	-	4,304,108.07
Special Education	564,615.63	-	564,615.63
SDRS Pension	386,329.90	13,246.17	399,576.07
NPIP Insurance Reserve	40,546.00	-	40,546.00
Unrestricted	1,317,276.73	8,162.34	1,325,439.07
TOTAL NET POSITION	$ 12,189,320.06	$ 28,020.28	$ 12,217,340.34

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

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMEN TOF ACTIVITIES
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government:							
Governmental Activities:							
Instruction	$ 3,144,677.11	$ 14,165.65	$ 129,707.56	$ -	$ (3,000,803.90)	$ -	$ (3,000,803.90)
Support Services	1,977,659.91	-	2,468.00	-	(1,975,191.91)	-	(1,975,191.91)
Nonprogrammed Charges	14,203.64	-	-	-	(14,203.64)	-	(14,203.64)
*Interest on Long-Term Debt	45.00	-	-	-	(45.00)	-	(45.00)
Cocurricular Activities	244,288.90	26,809.95	-	-	(217,478.95)	-	(217,478.95)
Total Governmental Activities	5,380,874.56	40,975.60	132,175.56	-	(5,207,723.40)		(5,207,723.40)
Business-Type Activities:							
Food Service	264,061.83	120,562.36	120,410.82	-	-	(23,088.65)	(23,088.65)
Preschool/Driver's Education	22,434.94	19,276.93	-	-	-	(3,158.01)	(3,158.01)
Total Business-Type Activities	286,496.77	139,839.29	120,410.82	-	-	(26,246.66)	(26,246.66)
Total Primary Government	$ 5,667,371.33	$ 180,814.89	$ 252,586.38	$ -	(5,207,723.40)	(26,246.66)	(5,233,970.06)
General Revenues:							
Taxes:							
Property Taxes					4,291,674.71	-	4,291,674.71
Utility Taxes					284,417.16	-	284,417.16
Revenue from State Sources:							
State Aid					1,181,008.00	-	1,181,008.00
Other					71,914.78	-	71,914.78
Unrestricted Investment Earnings					69,831.58	-	69,831.58
Other General Revenues					62,565.57	518.84	63,084.41
Total General Revenues and Transfers					5,961,411.80	518.84	5,961,930.64
Change in Net Position					753,688.40	(25,727.82)	727,960.58
Net Position - Beginning					11,435,631.66	53,748.10	11,489,379.76
NET POSITION - ENDING					$ 12,189,320.06	$ 28,020.28	$ 12,217,340.34

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

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

DEUEL SCHOOL DISTRICT NO. 19-4
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	$ 1,631,200.53	$ 4,291,360.04	$ 614,412.22	$ -	$ 6,536,972.79
Taxes Receivable - Current	784,963.91	767,273.21	338,381.98	-	1,890,619.10
Taxes Receivable - Delinquent	21,108.60	12,312.81	8,951.28	-	42,372.69
Accounts Receivable	1,686.38	-	-	-	1,686.38
Due from Other Governments	316,814.18	24,878.00	-	-	341,692.18
Deposits	40,546.00	-	-	-	40,546.00
TOTAL ASSETS	$ 2,796,319.60	$ 5,095,824.06	$ 961,745.48	$ -	$ 8,853,889.14
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 19,337.88	$ 24,442.78	$ 29.40	$ -	$ 43,810.06
Contracts Payable	294,940.52	-	37,063.10	-	332,003.62
Payroll Deductions and Withholdings and Employer Matching Payable	79,663.56	-	21,655.37	-	101,318.93
Total Liabilities	393,941.96	24,442.78	58,747.87	-	477,132.61
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	21,108.60	12,312.81	8,951.28	-	42,372.69
Taxes Levied for Future Period	784,963.91	767,273.21	338,381.98	-	1,890,619.10
Total Deferred Inflows of Resources	806,072.51	779,586.02	347,333.26	-	1,932,991.79
Fund Balances:					
Nonspendable					
NPIP Insurance Reserve	40,546.00	-	-	-	40,546.00
Restricted					
Capital Outlay	-	4,291,795.26	-	-	4,291,795.26
Special Education	-	-	555,664.35	-	555,664.35
Assigned					
Unemployment	17,707.00	-	-	-	17,707.00
Unassigned	1,538,052.13	-	-	-	1,538,052.13
Total Fund Balances	1,596,305.13	4,291,795.26	555,664.35	-	6,443,764.74
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,796,319.60	$ 5,095,824.06	$ 961,745.48	$ -	$ 8,853,889.14

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

DEUEL SCHOOL DISTRICT NO. 19-4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2020

Total Fund Balances - Governmental Funds			$ 6,443,764.74
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.			13,008.38
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds.	Capital Assets	8,867,150.21	
	Accumulated Depreciation	(3,290,706.48)	
			5,576,443.73
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.			657,630.11
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.	Net OPEB Liability		(192,181.00)
Assets, such as taxes receivable that are not available available to pay for the current period expenditures, are deferred in governmental funds.			42,372.69
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.			(284,308.59)
OPEB related deferred inflows are components of net OPEB liability and therefore are not reported in the funds.			(67,410.00)
Net Position - Governmental Activities			$ 12,189,320.06

The notes to the 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, 2020

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Revenues:					
Revenue from Local Sources:					
Taxes:					
Ad Valorem Taxes	$ 1,771,681.37	$ 1,561,121.91	$ 907,469.09	$ -	$ 4,240,272.37
Prior Years' Ad Valorem Taxes	18,568.58	10,429.08	7,132.42	265.38	36,395.46
Utility Taxes	284,417.16	-	-	-	284,417.16
Penalties and Interest on Taxes	6,706.26	4,366.85	3,175.75	94.24	14,343.10
Earnings on Investments and Deposits	17,802.08	44,504.17	5,626.26	1,899.07	69,831.58
Cocurricular Activities:					
Admissions	25,664.95	-	-	-	25,664.95
Other Pupil Activity Income	1,145.00	-	-	-	1,145.00
Other Revenue from Local Sources:					
Rentals	5,100.00	-	-	-	5,100.00
Refund of Prior Years' Expenditures	953.00	-	-	-	953.00
Charges for Services	7,966.31	-	6,199.34	-	14,165.65
Other	18,532.50	-	-	-	18,532.50
Revenue from Intermediate Sources:					
County Sources:					
County Apportionment	32,313.62	-	-	-	32,313.62
Revenue in Lieu of Taxes	1,785.00	2,032.74	1,848.71	-	5,666.45
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid	1,252,922.78	-	-	-	1,252,922.78
Restricted Grants-in-Aid	2,045.53	-	-	-	2,045.53
Revenue from Federal Sources:					
Grants-in-Aid:					
Restricted Grants-in-Aid Received from Federal Government Through the State	98,618.03	31,512.00	-	-	130,130.03
Total Revenues	3,546,222.17	1,653,966.75	931,451.57	2,258.69	6,133,899.18
Expenditures					
Current:					
Instruction:					
Regular Programs:					
Elementary	821,164.27	44,101.86	-	-	865,266.13
Middle/Junior High	400,070.27	26,652.41	-	-	426,722.68
High School	718,082.12	93,793.30	-	-	811,875.42
Preschool	16,120.88	-	-	-	16,120.88

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Special Programs:					
Programs for Special Education	-	-	637,419.57	-	637,419.57
Educationally Deprived	67,406.00	-	-	-	67,406.00
Support Services:					
Pupils:					
Guidance	111,506.06	-	970.92	-	112,476.98
Health	3,668.60	-	-	-	3,668.60
Psychological	-	-	20,522.88	-	20,522.88
Speech Pathology	-	-	40,907.70	-	40,907.70
Student Therapy Services	-	-	28,494.48	-	28,494.48
Instructional Staff:					
Improvement of Instruction	15,977.81	7,500.00	-	-	23,477.81
Educational Media	59,680.43	46,943.08	-	-	106,623.51
General Administration:					
Board of Education	46,826.89	-	1,279.55	-	48,106.44
Executive Administration	133,402.16	-	-	-	133,402.16
School Administration:					
Office of the Principal	214,490.81	-	-	-	214,490.81
Other Support Services	874.20	-	-	-	874.20
Business:					
Fiscal Services	153,761.35	17,416.78	-	-	171,178.13
Facilities Acquisition & Construction	-	30,220.63	-	-	30,220.63
Operation and Maintenance of Plant	401,589.98	218,338.32	-	-	619,928.30
Student Transportation	237,125.19	-	-	-	237,125.19
Internal Services	15,123.97	1,844.70	-	-	16,968.67
Special Education:					
Other Special Education Costs	-	-	8,567.22	-	8,567.22
Nonprogrammed Charges:					
Early Retirement Payments	-	-	-	7,393.66	7,393.66
Debt Services	-	27,175.02	-	-	27,175.02
Cocurricular Activities:					
Male Activities	60,478.92	2,262.30	-	-	62,741.22
Female Activities	43,970.30	11,008.25	-	-	54,978.55
Transportation	12,769.91	-	-	-	12,769.91
Combined Activities	70,392.32	6,408.97	-	-	76,801.29
Capital Outlay	-	94,347.03	-	-	94,347.03
Total Expenditures	3,604,482.44	628,012.65	738,162.32	7,393.66	4,978,051.07

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Excess of Revenues Over (Under) Expenditures	(58,260.27)	1,025,954.10	193,289.25	(5,134.97)	1,155,848.11
Other Financing Sources (Uses):					
Transfers In	133,333.61	-	-	-	133,333.61
Transfers Out	-	-	-	(133,333.61)	(133,333.61)
Total Other Financing Sources (Uses)	133,333.61	-	-	(133,333.61)	-
Net Change in Fund Balances	75,073.34	1,025,954.10	193,289.25	(138,468.58)	1,155,848.11
Fund Balance - Beginning	1,521,231.79	3,265,841.16	362,375.10	138,468.58	5,287,916.63
FUND BALANCE - ENDING	$ 1,596,305.13	$ 4,291,795.26	$ 555,664.35	$ -	$ 6,443,764.74

The notes to the 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, 2020

Net Change in Fund Balances - Total Governmental Funds		$ 1,155,848.11
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.		94,347.03
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.		(148,685.34)
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.	Other Long-Term Liabilities	27,130.02
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the fund statements differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available." This amount reflects the application of both the application period and the "availability criteria."		663.78
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.	Early Retirement Benefits Payable	5,812.02
Governmental funds do not reflect the change in Other Post-Employment Benefits (OPEB), but the statement of activities reflects the change in OPEB through expenditures.		(12,622.00)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		(368,805.22)
Change in Net Position of Governmental Activities		$ 753,688.40

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

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Enterprise Funds		
	Food Service Fund	Preschool/ Driver's Education Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ (10,617.25)	$ 33,896.37	$ 23,279.12
Accounts Receivable	3,849.91	1,567.78	5,417.69
Inventory of Supplies	2,111.41	-	2,111.41
Inventory of Stores Purchased for Resale	7,004.33	-	7,004.33
Inventory of Donated Food	4,642.67	-	4,642.67
Total Current Assets	6,991.07	35,464.15	42,455.22
Noncurrent Assets:			
Net Pension Asset	363.76	63.20	426.96
Capital Assets:			
Machinery and Equipment - Local Funds	56,443.42	-	56,443.42
Machinery and Equipment - Federal Funds	2,893.26	-	2,893.26
Less: Accumulated Depreciation	(52,724.91)	-	(52,724.91)
Total Noncurrent Assets	6,975.53	63.20	7,038.73
TOTAL ASSETS	13,966.60	35,527.35	49,493.95
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	18,749.49	3,238.90	21,988.39
LIABILITIES:			
Current Liabilities:			
Accounts Payable	156.93	-	156.93
Contracts Payable	-	1,585.14	1,585.14
Payroll Deductions and Withholdings and Employer Matching Payable	3,900.00	1,110.84	5,010.84
Deposits Payable	12,146.97	-	12,146.97
Total Current Liabilities	16,203.90	2,695.98	18,899.88
Noncurrent Liabilities:			
Net OPEB Liability	8,867.00	2,529.00	11,396.00
Total Noncurrent Liabilities	8,867.00	2,529.00	11,396.00
TOTAL LIABILITIES	25,070.90	5,224.98	30,295.88
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	7,779.11	1,390.07	9,169.18
OPEB Related Deferred Inflows	3,110.00	887.00	3,997.00
TOTAL DEFERRED INFLOWS OF RESOURCES:	10,889.11	2,277.07	13,166.18
NET POSITION:			
Net Investment in Capital Assets	6,611.77	-	6,611.77
Restricted for SDRS Pension	11,334.14	1,912.03	13,246.17
Unrestricted	(21,189.83)	29,352.17	8,162.34
TOTAL NET POSITION	$ (3,243.92)	$ 31,264.20	$ 28,020.28

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

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Enterprise Funds		
	Food Service Fund	Preschool/ Driver's Education Fund	Total
Operating Revenue:			
Food Sales:			
To Pupils	$ 120,170.53	$ -	$ 120,170.53
To Adults	391.83	-	391.83
Other Charges for Goods and Services	-	19,276.93	19,276.93
Total Operating Revenue	120,562.36	19,276.93	139,839.29
Operating Expenses:			
Salaries	82,613.96	11,538.44	94,152.40
Employee Benefits	47,007.80	10,679.68	57,687.48
Purchased Services	3,267.95	-	3,267.95
Supplies	5,734.72	216.82	5,951.54
Cost of Sales - Purchased Food	102,661.75	-	102,661.75
Cost of Sales - Donated Food	22,257.32	-	22,257.32
Depreciation - Local Funds	518.33	-	518.33
Total Operating Expenses	264,061.83	22,434.94	286,496.77
Operating Income (Loss)	(143,499.47)	(3,158.01)	(146,657.48)
Nonoperating Revenue (Expense):			
Local Sources:			
Miscellaneous	518.84	-	518.84
State Sources:			
Cash Reimbursements	910.65	-	910.65
Federal Sources:			
Cash Reimbursements	94,806.85	-	94,806.85
Donated Food	24,693.32	-	24,693.32
Total Nonoperating Revenue (Expense)	120,929.66	-	120,929.66
Change in Net Position	(22,569.81)	(3,158.01)	(25,727.82)
Net Position - Beginning	19,325.89	34,422.21	53,748.10
NET POSITION - ENDING	$ (3,243.92)	$ 31,264.20	$ 28,020.28

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

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Enterprise Funds		
	Food Service Fund	Preschool/ Driver's Education Fund	Total
Cash Flows from Operating Activities:			
Receipts from Customers	$ 119,791.32	$ 19,276.93	$ 139,068.25
Payments to Suppliers	(115,136.31)	(616.82)	(115,753.13)
Payments to Employees	(114,377.16)	(18,172.49)	(132,549.65)
Net Cash Provided (Used) by Operating Activities	(109,722.15)	487.62	(109,234.53)
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	518.84	-	518.84
Cash Reimbursements - State	910.65	-	910.65
Cash Reimbursements - Federal	94,806.85	-	94,806.85
Net Cash Provided (Used) by Noncapital Financing Activities	96,236.34	-	96,236.34
Net Increase (Decrease) in Cash and Cash Equivalents	$ (13,485.81)	$ 487.62	$ (12,998.19)
Cash and Cash Equivalents at Beginning of Year	$ 2,868.56	$ 33,408.75	$ 36,277.31
Cash and Cash Equivalents at End of Year	(10,617.25)	33,896.37	23,279.12
Net Increase (Decrease) in Cash and Cash Equivalents	$ (13,485.81)	$ 487.62	$ (12,998.19)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ (143,499.47)	$ (3,158.01)	$ (146,657.48)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	518.33	-	518.33
Value of Commodities Used	22,257.32	-	22,257.32
Change in Assets and Liabilities:			
Receivables	(262.47)	-	(262.47)
Inventories	(3,628.82)	-	(3,628.82)
Net Pension Asset	(285.55)	(49.69)	(335.24)
Pension Related Deferred Outflows	8,546.78	1,481.82	10,028.60
Accounts and Other Payables	156.93	(400.00)	(243.07)
Accrued Wages Payable	392.88	85.16	478.04
Deposits Payable	(508.57)	-	(508.57)
Net OPEB Liability	1,962.00	1,334.00	3,296.00
Pension Related Deferred Inflows	1,518.49	307.34	1,825.83
OPEB Related Deferred Inflows	3,110.00	887.00	3,997.00
Net Cash Provided (Used) by Operating Activities	$ (109,722.15)	$ 487.62	$ (109,234.53)
Noncash Investing, Capital and Financing Activities:			
Value of Commodities Received	$ 24,693.32	$ -	$ 24,693.32

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

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF FUDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Private-Purpose Trust Funds	Agency Funds
ASSETS:		
Cash and Cash Equivalents	$ 3,598.89	$ 186,527.25
Accounts Receivable	-	3,179.69
TOTAL ASSETS	3,598.89	189,706.94
LIABILITIES:		
Amounts Held for Others	-	183,465.10
Advance from Other Fund (Imprest)	-	6,241.84
TOTAL LIABILITIES	-	189,706.94
NET POSITION		
Held in Trust for Scholarships	$ 3,598.89	$ -

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

DEUEL SCHOOL DISTRICT NO. 19-4
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2020

	Private-Purpose Trust Funds
ADDITIONS:	
Contributions and Donations	$ -
Investment Earnings:	
Interest and Dividends	-
Total Additions	-
DEDUCTIONS:	
Scholarships	1,250.00
Change in Net Position	(1,250.00)
Net Position - Beginning	4,848.89
NET POSITION - ENDING	$ 3,598.89

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of Deuel School District No. 19-4 (School District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

The School District participates in the Northeast Educational Services Cooperative with twenty-two other school 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 School 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 are displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

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

Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

Governmental Funds:

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

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

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

Special Education Fund – A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the School District. This fund is financed by 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 school districts, which have established such systems, paying the School District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This is a major fund.

Proprietary Funds:

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

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

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

Preschool/Driver's Education Fund – A fund used to record financial transactions related to the preschool and driver's education programs. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

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

Private-Purpose Trust Funds – private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only one private-purpose trust fund for the purpose of accounting for the assets held in a trustee capacity for scholarships.

Agency Funds – agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature, they do not involve the measurement of results of operations. The School District maintains agency funds for the purpose of accounting for the assets held in a trustee capacity for various classes and clubs within the School District. The agency funds are used to account for the revenues and expenses that are incidental to each class and club.

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 School District is 60 days. The revenues which are accrued at June 30, 2020 are utility taxes received through the counties and State and restricted grants-in-aid received from the Federal government through the State. Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenues, where asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are reported as a deferred inflow of resources.

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

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

d. Interfund Eliminations and Reclassifications:

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

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 Financial Statements:

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

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

The total June 30, 2020 balance of capital assets for governmental activities includes approximately 20% for which the costs were determined by estimates of the original costs. The total June 30, 2020 balance of capital assets for business-type activities are all valued at original cost. These estimated original costs were established by appraisals or deflated current replacement cost as determined for the 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 financial statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	$ -	N/A	N/A
Buildings	$ 50,000	Straight-line	50-100 years
Improvements Other than Buildings	$ 10,000	Straight-line	15-25 years
Machinery and Equipment (Governmental Funds)	$ 5,000	Straight-line	5-20 years
Machinery and Equipment (Enterprise Funds)	$ 1,500	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 financial 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 payable 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 financial 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 School District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories as follows:

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

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 School 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 other purposes.

k. Application of Net Position:

It is the School District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

l. Fund Balance Classification Policies and Procedures:

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

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the School Board, and does not lapse at year-end.
Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the School Board.
Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

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

2. DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENT, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

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

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

As of June 30, 2020, the School District did not have any investments.

Credit Risk

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

Custodial Credit Risk – Deposits

The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2020, the School District's deposits in financial institutions were not exposed to any custodial credit risk.

Interest Rate Risk

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

Assignment of Investment Income

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the fund making the investment.

3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Since all receivables are considered collectible, no allowances for estimated uncollectibles have been established.

4. INVENTORY

Inventory held for consumption is stated at cost.

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

In the government-wide financial statements, inventory items for governmental activities are recorded as expenses at the time of purchase, and inventory items for business-type activities are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the governmental fund financial statements, inventory items are recorded as expenses at the time of purchase. In the proprietary funds financial statements, inventory items are initially recorded as assets and charged to expense as they are consumed.

5. PROPERTY TAXES

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflows 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."

6. CHANGES IN CAPITAL ASSETS

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

	Balance 7/1/19	Increases	Decreases	Balance 6/30/20
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 101,083.45	$ -	$ -	$ 101,083.45
Total	101,083.45	-	-	101,083.45
Capital assets, being depreciated:				
Buildings	7,162,811.10	-	-	7,162,811.10
Improvements Other than Bldgs	287,500.00	-	-	287,500.00
Machinery and Equipment	1,287,413.38	94,347.03	66,004.75	1,315,755.66
Total	8,737,724.48	94,347.03	66,004.75	8,766,066.76
Less: accumulated depreciation for:				
Buildings	2,070,951.50	85,899.80	-	2,156,851.30
Improvements Other than Bldgs	267,580.00	9,960.00	-	277,540.00
Machinery and Equipment	869,494.39	52,825.54	66,004.75	856,315.18
Total accumulated depreciation	3,208,025.89	148,685.34	66,004.75	3,290,706.48
Total capital assets, being Depreciated, net	5,529,698.59	(54,338.31)	-	5,475,360.28
Governmental activity capital assets, net	$ 5,630,782.04	$ (54,338.31)	$ -	$ 5,576,443.73

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction	$ 63,523.10
Support Services	60,273.58
Cocurricular Activities	24,888.66
Total depreciation expense – governmental activities	$148,685.34

	Balance 7/1/19	Increases	Decreases	Balance 6/30/20
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and Equipment	$ 59,336.68	$ -	$ -	$ 59,336.68
Less: accumulated depreciation for:				
Machinery and Equipment	52,206.58	518.13	-	52,724.71
Total capital assets, being Depreciated, net	7,130.10	(518.33)	-	6,611.97
Business-type activity capital assets, net	$ 7,130.10	$ (518.33)	$ -	$ 6,611.97

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food Service	$ 518.33
Total depreciation expense – business-type activities	$ 518.33

7. LONG-TERM LIABILITIES

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

	Beginning Balance 7/1/19	Additions	Deletions	Ending Balance 6/30/20	Due Within One Year
Governmental Activities:					
Gymnastics Building Lease (Acquisition)	$ 15,000.00	$ -	$ 15,000.00	$ -	$ -
Early Retirement	5,812.02	-	5,812.02	-	-
Copier Lease	12,130.02	-	12,130.02	-	-
Total Governmental Activities	$ 32,942.04	$ -	$ 32,942.04	$ -	$ -

The gymnastics building lease and copier lease have been paid by the Capital Outlay Fund. The early retirement benefits payable for governmental activities have been paid by the Pension Fund.

8. OPERATING LEASE

On May 14, 2020, the School District entered into a 48 month lease for four Toshiba e-studio copiers. The monthly lease payment is $1,196.39 beginning July 24, 2020 with the final payment due June 24, 2024. The School District is also charged an annual maintenance fee of $.006 per black & white copy over 70,833 copies and $.042 per color copy over 6,250 copies. During the year ended June 30, 2020, the total payments paid by the Capital Outlay Fund were $0.

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

Year Ending June 30,	Amount
2021	$14,356.68
2022	14,356.68
2023	14,356.68
2024	14,356.68
	$57,426.72

9. RESTRICTED NET POSITION

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

Fund	Restricted By	Amount
Capital Outlay	Law	$4,304,108.07
Special Education	Law	564,615.63
SDRS Pension	GASB	399,576.07
NPIP Insurance Reserve	Contractual Agreement	40,546.00
Total Restricted Net Position		$5,308,845.77

10. INTERFUND TRANSFERS

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

	Transfers To:
Transfers From:	General Fund
Pension Fund	$ 133,333.61

The School District transferred funds from the Pension Fund to the General Fund to close out the Pension Fund.

11. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law (SDCL) 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at http://sdrs.sd.gov/publications.aspx or by writing to the SDRS, PO 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 and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2020, 2019, and 2018 were $162,632.38, $161,737.90, and $154,493.24, respectively, equal to the required contributions each year.

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

At June 30, 2019, SDRS is 100.09% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2020 are as follows:

Proportionate share of total pension liability	$15,799,742.21
Less proportionate share of net position restricted for pension benefits	15,813,177.55
Proportionate share of net pension asset	($ 13,435.34)

At June 30 2020, the School District reported an asset of $13,435.34 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019 and the total pension liability used to calculate the net pension asset was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2019, the School District's proportion was .1267813%, which is an increase of .002924% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized pension expense of $368,805.22. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience.	$ 52,701.60	$ 6,081.04
Changes in assumption.	464,021.80	190,226.43
Net difference between projected and actual earnings on pension plan investments.	-	77,398.59
Changes in proportion and difference between District contributions and proportionate share of contributions.	262.72	19,771.71
School District contributions subsequent to the measurement date.	162,632.38	-
TOTAL	$ 679,618.50	$ 293,477.77

$162,632.38 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2021	$ 285,845.31
2022	(51,797.24)
2023	(34,844.61)
2024	24,304.88
TOTAL	$ 223,508.34

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs	1.88%

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

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.7%
Fixed Income	30.0%	1.7%
Real Estate	10.0%	4.3%
Cash	2.0%	0.9%
Total	100%	

Discount Rate:

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that 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.

Sensitivity of liability (asset) to changes in the discount rate:

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	$2,230,004.50	($13,435.34)	($1,841,433.44)

Pension Plan Fiduciary Net Position:

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

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description:

The School District administers a single-employer defined benefit plan which provides medical and prescription drug benefits for current employees, eligible retirees, and their immediate families 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.

Individuals who are employed by the School 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.

Funding Policy:

The School District funds the other post-employment benefits on a pay-as-you-go basis. Because the School District does not use a trust fund to administer the financing of other post-employment benefits, no separate financial statements are required.

Employees Covered by Benefit Terms:

As of June 30, 2020, there were a total of 74 employees covered by the benefit terms. This includes 5 retirees currently receiving benefit payments and 69 active employees.

Total OPEB Liability:

The School District's total OPEB liability of $203,577 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions:

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

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	3.50%
Healthcare Cost Trend Rate	6.50% initial rate decreasing annually to an ultimate rate of 4.8%
Retirees Share of Benefit-Related Cost	100% of projected health insurance for retirees

The discount rate used to measure the total OPEB liability was 3.50% which is based on the 20-year Bond Buyer GO Index.

Mortality rates were based on 97% of the RP-2014 Mortality Table, white collar table for females and total dataset for males, adjusted to 2006 and projected generationally with MP-2017. Mortality rates for disabled members were based on the RP-2014 Disabled Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2017.

The plan has not had a formal actuarial experience study performed.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Total OPEB Liability, Beginning of Year	$ 255,069
Changes for the Year:	
Service Cost	19,188
Interest Cost	10,261
Effect of Economic/Demographic Gains or Losses	(19,800)
Effect of Assumptions Changes or Inputs	(42,729)
Benefit Payments	(18,412)
	$ 203,577

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

The following presents the School District's total OPEB liability, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	$222,304	$203,577	$187,565

Sensitivity of the District's Total OPEB Liability to Changes in the Current Healthcare Cost Trend Rates:

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$183,772	$203,577	$227,761

For the year ended June 30, 2020, the School District recognized OPEB expense of $19,993. At June 30, 2020, the School District reported $71,407 of deferred inflows of resources related to OPEB from economic/ demographic (gains) or losses and changes in assumptions or inputs.

The deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2021	$ 9,456
2022	9,456
2023	9,456
2024	9,456
2025	9,456
Thereafter	24,127

13. JOINT VENTURES

The School District participates in the Northeast Educational Services Cooperative, a cooperative service unit (Co-op) formed for the purpose of providing educational services to the member school 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	3.45%
Britton-Hecla School District No. 45-4	5.84%
Castlewood School District No. 28-1	3.99%
Clark School District No. 12-2	5.09%
De Smet School District No. 38-2	3.99%
Deubrook School District No. 5-6	5.11%
Deuel School District No. 19-4	6.55%

Elkton School District No. 5-3	5.07%
Enemy Swim Day School	2.18%
Estelline School District No. 28-2	3.54%
Florence School District No. 14-1	3.47%
Hamlin School District No. 28-3	10.95%
Henry School District No. 14-2	2.32%
Iroquois School District No. 2-3	2.89%
Lake Preston School District No. 38-3	2.26%
Rosholt School District No. 54-4	3.43%
Sioux Valley School District No. 5-5	9.00%
Summit School District No. 54-6	2.15%
Waubay School District No. 18-3	2.27%
Waverly School District No. 14-5	3.14%
Webster School District No. 18-4	7.01%
Willow Lake School District No. 12-3	3.31%
Wilmot School District No. 54-7	3.00%

The Co-op's governing board is composed of one representative from each member school district, who is a school board member of the member school district. 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 School District retains no equity in the net position of the joint venture, but does have a responsibility to fund deficits of the 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.

At June 30, 2020, this joint venture had total assets of $2,063,548.04, deferred outflows of resources of $655,529.18, total liabilities of $473,561.17, deferred inflows of resources of $254,846.11, and net position of $1,990,669.94.

14. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2020, the School District managed its risks as follows:

Employee Health Insurance:

The School District participates, with several other educational units and related organizations in South Dakota, in the Northern Plains Insurance Pool (Pool). The Pool is a Joint Power Authority authorized by South Dakota Codified Law (SDCL) 1-24 et. Seq., SDCL13-10-3 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 School 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 $1,500 to $4,000.

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

The School District has a deposit with the Northern Plains Insurance Pool of $40,546. As of June 30, 2020, 100% of the deposit was vested for refund if the School District would terminate their membership.

Liability Insurance:

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

Worker's Compensation:

The School 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 provided 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 develop a comprehensive loss control program. The School 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 School 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 School 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 School 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 School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School District has assigned fund balance in the General Fund in the amount of $17,707.00 for the payment of future unemployment benefits.

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

15. LITIGATION

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

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT NO. 19-4
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with Final Budget - Positive
	Original	Final	Basis)	(Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	$ 1,740,000.00	$ 1,740,000.00	$ 1,771,681.37	$ 31,681.37
Prior Years' Ad Valorem Taxes	22,000.00	22,000.00	18,568.58	(3,431.42)
Utility Taxes	225,000.00	225,000.00	284,417.16	59,417.16
Penalties and Interest on Taxes	7,500.00	7,500.00	6,706.26	(793.74)
Earnings on Investments and Deposits	29,000.00	29,000.00	17,802.08	(11,197.92)
Cocurricular Activities:				
Admissions	30,250.00	30,250.00	25,664.95	(4,585.05)
Other Pupil Activity Income	6,500.00	6,500.00	1,145.00	(5,355.00)
Other Revenue from Local Sources:				
Rentals	2,000.00	2,000.00	5,100.00	3,100.00
Refund of Prior Years' Expenditures	-	-	953.00	953.00
Charges for Services	15,000.00	15,000.00	7,966.31	(7,033.69)
Other	30,000.00	30,000.00	18,532.50	(11,467.50)
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	40,000.00	40,000.00	32,313.62	(7,686.38)
Revenue in Lieu of Taxes	-	-	1,785.00	1,785.00
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	1,298,000.00	1,298,000.00	1,252,922.78	(45,077.22)
Restricted Grants-in-Aid	-	-	2,045.53	2,045.53
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in Aid Received from Federal Government through the State	117,614.00	117,614.00	98,618.03	(18,995.97)
Total Revenues	3,562,864.00	3,562,864.00	3,546,222.17	(16,641.83)
Expenditures:				
Current:				
Instruction:				
Regular Programs:				
Elementary	836,772.00	836,772.00	821,164.27	15,607.73
Middle School/Junior High	407,802.00	407,802.00	400,070.27	7,731.73
High School	774,659.00	774,659.00	718,082.12	56,576.88
Preschool	17,518.00	17,518.00	16,120.88	1,397.12
Special Programs:				
Educationally Deprived	74,463.00	74,463.00	67,406.00	7,057.00

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT NO. 19-4
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with Final Budget - Positive
	Original	Final	Basis)	(Negative)
Support Services:				
Pupils:				
Attendance and Social Work	2,000.00	2,000.00	-	2,000.00
Guidance	117,342.00	117,342.00	111,506.06	5,835.94
Health	6,225.00	6,225.00	3,668.60	2,556.40
Instructional Staff:				
Improvement of Instruction	28,752.00	28,752.00	15,977.81	12,774.19
Educational Media	62,478.00	62,478.00	59,680.43	2,797.57
General Administration:				
Board of Education	43,935.00	50,235.00	46,826.89	3,408.11
Executive Administration	130,565.00	130,565.00	133,402.16	(2,837.16)
School Administration:				
Office of Principal	232,666.00	232,666.00	214,490.81	18,175.19
Other	-	-	874.20	(874.20)
Business:				
Fiscal Services	153,637.00	159,237.00	153,761.35	5,475.65
Operation and Maintenance of Plant	439,290.00	451,790.00	401,589.98	50,200.02
Pupil Transportation	268,686.00	268,686.00	237,125.19	31,560.81
Internal Services	17,900.00	17,900.00	15,123.97	2,776.03
Cocurricular Activities:				
Male Activities	71,597.00	71,597.00	60,478.92	11,118.08
Female Activities	47,486.00	47,486.00	43,970.30	3,515.70
Transportation	19,877.00	19,877.00	12,769.91	7,107.09
Combined Activities	96,891.00	103,891.00	70,392.32	33,498.68
Contingencies	25,000.00	25,000.00	-	25,000.00
Amount Transferred	-	-	-	-
Total Expenditures	3,875,541.00	3,906,941.00	3,604,482.44	302,458.56
Excess of Revenues Over (Under) Expenditures	(312,677.00)	(344,077.00)	(58,260.27)	285,816.73
Other Financing Sources (Uses):				
Transfers In	-	-	133,333.61	133,333.61
Net Change in Fund Balance	(312,677.00)	(344,077.00)	75,073.34	419,150.34
Fund Balance - Beginning	1,521,231.79	1,521,231.79	1,521,231.79	-
FUND BALANCE - ENDING	$ 1,208,554.79	$ 1,177,154.79	$ 1,596,305.13	$ 419,150.34

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT NO. 19-4
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	$ 1,276,000.00	$ 1,276,000.00	$ 1,561,121.91	$ 285,121.91
Prior Years' Ad Valorem Taxes	4,000.00	4,000.00	10,429.08	6,429.08
Penalties and Interest on Taxes	4,000.00	4,000.00	4,366.85	366.85
Earnings on Investments and Deposits	15,000.00	15,000.00	44,504.17	29,504.17
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	-	-	2,032.74	2,032.74
Revenue from Federal Sources:				
Restricted Grants-in Aid Received from Federal Government through the State	-	32,200.00	31,512.00	(688.00)
Total Revenues	1,299,000.00	1,331,200.00	1,653,966.75	322,766.75
Expenditures:				
Current:				
Instruction:				
Regular Programs:				
Elementary	48,462.00	48,462.00	44,101.86	4,360.14
Middle School/Junior High	25,500.00	25,500.00	26,652.41	(1,152.41)
High School	58,650.00	98,350.00	93,793.30	4,556.70
Support Services:				
Instructional Staff:				
Improvement of Instruction	34,585.00	34,585.00	7,500.00	27,085.00
Educational Media	56,477.00	56,477.00	49,923.12	6,553.88
Business:				
Fiscal Services	19,645.00	19,645.00	17,416.78	2,228.22
Facilities Acquisition and Construction	25,000.00	25,000.00	30,220.63	(5,220.63)
Operation and Maintenance of Plant	177,200.00	237,900.00	224,538.32	13,361.68
Pupil Transportation	110,000.00	110,000.00	85,166.99	24,833.01
Internal Services	-	-	1,844.70	(1,844.70)
Debt Services	39,650.00	39,650.00	27,175.02	12,474.98
Cocurricular Activities:				
Male Activities	2,500.00	2,500.00	2,262.30	237.70
Female Activities	10,900.00	10,900.00	11,008.25	(108.25)
Combined Activities	7,069.00	7,069.00	6,408.97	660.03
Total Expenditures	615,638.00	716,038.00	628,012.65	88,025.35
Excess of Revenues Over (Under) Expenditures	683,362.00	615,162.00	1,025,954.10	410,792.10

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT NO. 19-4
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Net Change in Fund Balance	683,362.00	615,162.00	1,025,954.10	410,792.10
Fund Balance - Beginning	3,265,841.16	3,265,841.16	3,265,841.16	-
FUND BALANCE - ENDING	$ 3,949,203.16	$ 3,881,003.16	$ 4,291,795.26	$ 410,792.10

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT NO. 19-4
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	$ 960,000.00	$ 960,000.00	$ 907,469.09	$ (52,530.91)
Prior Years' Ad Valorem Taxes	4,000.00	4,000.00	7,132.42	3,132.42
Penalties and Interest on Taxes	2,000.00	2,000.00	3,175.75	1,175.75
Earnings on Investments and Deposits	12,500.00	12,500.00	5,626.26	(6,873.74)
Other Revenue from Local Sources:				
Charges for Services	10,000.00	10,000.00	6,199.34	(3,800.66)
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	-	-	1,848.71	1,848.71
Total Revenues	988,500.00	988,500.00	931,451.57	(57,048.43)
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	607,838.00	636,838.00	637,419.57	(581.57)
Support Services:				
Pupils:				
Guidance	1,100.00	1,100.00	970.92	129.08
Psychological	25,000.00	25,000.00	20,522.88	4,477.12
Speech Pathology	47,420.00	47,420.00	40,907.70	6,512.30
Student Therapy	34,995.00	34,995.00	28,494.48	6,500.52
General Administration:				
Board of Education	1,255.00	1,255.00	1,279.55	(24.55)
Central:				
Staff	1,600.00	1,600.00	-	1,600.00
Special Education:				
Special Education Adm Costs	50,020.00	50,020.00	-	50,020.00
Other Special Education Costs	34,000.00	34,000.00	8,567.22	25,432.78
Total Expenditures	803,228.00	832,228.00	738,162.32	94,065.68
Excess of Revenues Over (Under) Expenditures	185,272.00	156,272.00	193,289.25	37,017.25
Net Change in Fund Balance	185,272.00	156,272.00	193,289.25	37,017.25
Fund Balance - Beginning	362,375.10	362,375.10	362,375.10	-
FUND BALANCE - ENDING	$ 547,647.10	$ 518,647.10	$ 555,664.35	$ 37,017.25

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT NO. 19-4
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
PENSION FUND
For the Year Ended June 30, 2020

	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	$ 500.00	$ 500.00	$ 265.38	$ (234.62)
Penalties and Interest on Taxes	-	-	94.24	94.24
Earnings on Investments and Deposits	-	-	1,899.07	1,899.07
Total Revenues	500.00	500.00	2,258.69	1,758.69
Expenditures:				
Current:				
Nonprogrammed Charges:				
Early Retirement Payments	8,209.00	8,209.00	7,393.66	815.34
Total Expenditures	8,209.00	8,209.00	7,393.66	815.34
Excess of Revenues Over (Under) Expenditures	(7,709.00)	(7,709.00)	(5,134.97)	2,574.03
Other Financing Sources (Uses)				
Transfers Out	-	-	(133,333.61)	(133,333.61)
Net Change in Fund Balance	(7,709.00)	(7,709.00)	(138,468.58)	(130,759.58)
Fund Balance - Beginning	138,468.58	138,468.58	138,468.58	-
FUND BALANCE - ENDING	$ 130,759.58	$ 130,759.58	$ -	$ (130,759.58)

DEUEL SCHOOL DISTRICT NO. 19-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
June 30, 2020

1. BASIS OF PRESENTATION

The Budgetary Comparison Schedules have been prepared on the budgetary basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the financial statements prepared in conformity with USGAAP present capital outlay expenditures as a separate function.

2. BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.

2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.

3. The proposed budget is published for public review no later than July 15 each year.

4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.

5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.

6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.

7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.

8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.

9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

10. Formal budgetary integration is employed as a management control device during the year for the General Fund and each major special revenue fund.

11. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT NO. 19-4
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
School District's proportion of the net pension liability (asset)	0.1245593%	0.1189989%	0.1194906%	0.1227692%	0.1238577%	0.1267813%
School District's proportionate share of net pension liability (asset)	$ (897,399)	$ (504,708)	$ 403,628	$ (11,141)	$ (2,889)	$ (13,435)
School District's covered payroll	$ 2,179,334	$ 2,172,577	$ 2,272,106	$ 2,494,416	$ 2,574,880	$ 2,695,629
School District's proportionate share of net pension liability (asset) as a percentage of its covered payroll	-41.18%	-23.23%	17.76%	-0.45%	-0.11%	-0.50%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.30%	104.10%	96.89%	100.10%	100.02%	100.09%

Note: 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 NO. 19-4
SCHEDULE OF THE SCHOOL DISTRICT PENSION CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Contractually required contribution	$ 130,355	$ 136,500	$ 149,665	$ 154,493	$ 161,738	$ 162,632
Contributions in relation to the contractually required contribution	$ 130,355	$ 136,500	$ 149,665	$ 154,493	$ 161,738	$ 162,632
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 2,172,577	$ 2,272,106	$ 2,494,416	$ 2,574,880	$ 2,695,629	$ 2,710,539
Contributions as a percentage of covered payroll	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

DEUEL SCHOOL DISTRICT NO. 19-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
June 30, 2020

CHANGES OF BENEFIT TERMS

No significant changes.

CHANGES OF ASSUMPTIONS

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2018 and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018 and is 1.88% as of June 30, 2019.

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

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

REQUIRED SUPPLEMENTARY INFORMATION
DEUEL SCHOOL DISTRICT NO. 19-4
SCHEDULE OF CHANGES IN SCHOOL DISTRICT'S TOTAL OPEB LIABILITY, RELATED NOTES AND RATIOS

	6/30/2018	6/30/2019	6/30/2020
Service Cost	$ 20,946	$ 19,287	$ 19,188
Interest Cost	7,467	9,280	10,261
Effect of Liability Gains or Losses	-	-	(19,800)
Effect of Assumption Changes or Inputs	(16,560)	(6,426)	(42,729)
Benefit Payments	(12,094)	(13,873)	(18,412)
Net Change in Total OPEB Liability	(241)	8,268	(51,492)
Total OPEB Liability Beginning of Year, as Restated	247,042	246,801	255,069
Total OPEB Liability End of Year	$ 246,801	$ 255,069	$ 203,577
School District's Covered Payroll	$ 2,582,526	$ 2,695,629	$ 2,710,539
Total OPEB Liability as a Percentage of Covered Payroll	9.56%	9.46%	7.51%

Notes to Schedule of Changes in School 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, 2020	3.50%
Year Ended June 30, 2019	3.87%
Year Ended June 30, 2018	3.58%