

EDGEMONT SCHOOL DISTRICT NO. 23-1  
EDGEMONT, SOUTH DAKOTA  
FINANCIAL REPORT  
FOR THE ONE YEAR ENDING JUNE 30, 2020  
WITH INDEPENDENT AUDITOR'S REPORTS

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

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

EDGEMONT SCHOOL DISTRICT NO. 23-1  
EDGEMONT, SOUTH DAKOTA

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AS OF AND FOR THE ONE YEAR ENDING JUNE 30, 2020

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

# INDEPENDENT AUDIT SERVICES, PC

Benjamin Elliott, CPA  
P.O. Box 262,  
Madison, South Dakota 57042  
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School Board  
Edgemont School District No. 23-1  
Edgemont, South Dakota

## INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edgemont School District No. 23-1 (School District), Fall River County, South Dakota as of June 30, 2020 and for the one 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk 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, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my unmodified audit opinions on governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

### Unmodified Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edgemont School District, Fall River County, South Dakota, as of June 30, 2020, and the respective changes in its financial position and, where applicable, cash flows thereof for the one year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information (no opinion)

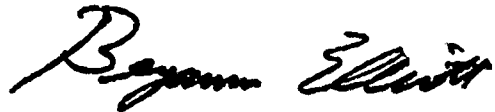
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (page 3 to 8), the budgetary comparison schedules (page 38 to 42) and pension schedules (page 43 and 44) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report (page 45) dated June 14, 2021 on my tests of Edgemont School District's compliance with certain provisions of laws, regulations, contracts and other matters and my consideration of its internal control over financial reporting. The purpose of that report is to describe the scope of my testing of compliance and internal control over financial reporting, and the results of that testing, and not to provide an opinion on compliance or internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's compliance and internal control over financial reporting.

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

June 14, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This section of the Edgemont School District's (School District) annual financial report presents our discussion and analysis of the School District's financial performance during the year ending June 30, 2020. Please read it in conjunction with the School District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Financial highlights for the Edgemont School District are as follows:

For the year ending June 30, 2020:

Revenue:	
Charges for goods and services	41,386
Operating grants	158,928
Capital grants	0
General receipts	2,275,913
	-----
Total	2,476,227
	-----
Expenses:	
Governmental	2,330,085
Business-type	87,215
	-----
Total	2,417,300
	-----
Increase in Net Position	58,927
Net Position:	
July 1, 2019	4,343,052
	-----
June 30, 2020	4,401,979
	=====
Governmental Funds:	
General	1,286,750
Capital Outlay	1,155,662
Special Education	15,724
Pension	0 closed
Long-term Debt	(89,708)
Capital Assets	2,010,114
Business-Type Funds:	
Food Service	23,437
	-----
Total	4,401,979
	=====

During the year ending June 30, 2020 the School District:

- \* Received property taxes of \$1,529,317 and gross receipts taxes of \$47,040.
- \* Received state grants of \$558,684 and federal grants of \$217,186.
- \* Received cash and commodities of \$29,949 from the federal government through the school lunch program, which is \$3,497 less than the prior year.
- \* Contracted for paving improvements for \$109,128.
- \* Purchased a 2019 Collins 14 passenger bus for \$44,900.
- \* Installed a phone system for \$34,282.
- \* Installed a sprinkler system for \$6,528.
- \* Painted track strips for \$7,000.
- \* Purchased a Vulcan range for \$6,205.

## BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This financial report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement-34. The financial report consists of three parts: (1) management's discussion and analysis (page 3 to 8), (2) the basic financial statements (page 9 to 37) and (3) required supplementary information (page 38 to 44). The basic financial statements include two types of statements that present the School District from two different financial points of view.

### Government-wide financial statements (View #1):

The first two statements are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.

### Fund financial statements (View #2):

The remaining financial statements are fund financial statements that focus on significant operations of the governmental, enterprise, and fiduciary activities of the School District.

The governmental fund financial statements tell how general governmental services were financed in the short-term, as well as what remains for future spending. Governmental funds operated by the School District are the general fund, capital outlay fund, special education fund, and pension fund.

The enterprise fund financial statements offer short-term and long-term financial information about the activities of the School District that operate like a business. The enterprise fund operated by the School District is the food service fund.

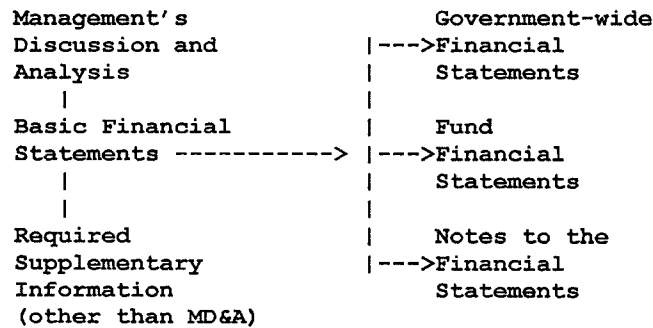
The fiduciary fund financial statements provide information about the financial status of activities (like cheerleaders or a science club) in which the School District acts solely as a trustee or agent for the benefit of those groups to whom these funds belong. These are called agency funds. The School District also administers several private-purpose trust funds for student scholarships.

The financial statements include notes that explain in more detail some of the information found in the financial statements. The financial statements are also followed by a section of required supplementary information that presents a budgetary analysis for the general fund and special revenue funds.

### Required Supplementary Information:

This Management's Discussion and Analysis (page 3 to 8), the budgetary comparison schedules (page 38 to 42) and the pension schedules (page 43 and 44) are financial information required to be presented by GASB. Such information provides readers of this report with additional data that supplements the government-wide statements and fund financial statements. The budgetary comparison schedules are presented on a budgetary basis of accounting, which reports capital expenditures within their respective expenditure function rather than as a separate capital outlay expenditure.

Here is an overview of the School District's financial statements.



Here is a summary of the major features of these financial statement.

	Government-wide Statements	Fund Statements-----		
		Governmental Funds	Enterprise Funds	Fiduciary Funds
Scope	Entire School (except fiduciary funds)	School Activities except Enterprise (food service) and Fiduciary (student organizations)	Activities operated like a private business (food service)	School's custody of money that belongs to others
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
	Statement of Activities	Statement on Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Fund Net Position Statement of Cash Flows	Statement of Changes in Fiduciary Net Position
Basis of Accounting	Accrual	Modified accrual	Accrual	Accrual
Measurement Focus	Economic resources	Current financial resources	Economic resources	Economic resources
Types of Assets & Liabilities	All - Financial and capital, short- and long-term	Only current financial assets and liabilities	All - Financial and capital, short- and long-term	All - Financial and capital (if any), short- and long-term
		No capital assets		
Types of Revenue and Expenditures or Expense	All - Regardless of when cash is received	Revenues when cash is received during year or within 60 days of year-end	All - Regardless of when cash is received	All - Regardless of when cash is received
		Expenditures when goods or services are received and payment is due during year or soon after year-end		

#### GOVERNMENT-WIDE STATEMENTS

(Reporting the School District as a whole)

The government-wide statements (page 9 and 10) report information about the School District as a whole using accounting methods similar to those used for private companies. There are two government-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position includes all of the government's assets and liabilities. Net position is the difference between assets and liabilities. Changes in these accounts is one way to measure the school's financial health. Increases or decreases in net position measures improvements or declines in the school's financial health. To assess the school's overall financial health you also need to consider other factors such as changes in the student enrollment, property tax base and/or changes in federal and state grants and aid.

The Statement of Activities includes all of the year's revenues and expenses. You will notice that expenses are listed in the first column by program. Revenues related each program are reported to the right of the expense. The result is a net revenue/expense for each program. After listing program activity, general receipts of the school are listed, which include all taxes and interest earned.

The government-wide financial statements have two broad categories of information: governmental activity and business-type activity.

The governmental activities include (1) basic instructional services such as elementary, high school, and special education programs, (2) support services such as guidance, library, administration, and transportation, and (3) extra-curricular activities such as sports and music. Property taxes, state and federal grants, and interest earnings finance most of these activities.

The business-type activities account for the School District's food service lunch program. These programs are funded in part by user fees and in part by state and federal grants.

#### FUND FINANCIAL STATEMENTS

(Reporting the School District's most significant funds)

The fund financial statements (page 11 to 17) provide more detailed information about the School District's most significant funds, not the School District as a whole. Funds are accounting tools used to keep track of the receipt and disbursement of School District's resources. State law requires the use of some funds and the school board establishes other funds to manage money for a specific purpose, like a capital project fund for a new building.

The fund financial statements show information in three broad categories: governmental, enterprise (business-type), and fiduciary.

**Governmental funds:** Most of the School District's basic services are included in the governmental funds, which focus on (1) how cash, and other financial assets which can readily be converted into cash, flow in and out of that fund, and (2) the balances left at year-end that are available for spending in the next year. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources available for spending in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements to reconcile the differences between the governmental fund statements and the government-wide statements.

**Enterprise fund:** Services for which the School District charges the customer a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both short-term and a long-term financial information. The food service fund is the only enterprise fund maintained by the School District.

**Fiduciary funds:** The School District is the agent (or fiduciary) for various external and internal parties. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net



position. See page 17. Fiduciary funds are excluded from the School District's government-wide financial statements because the School District cannot use these assets to finance the School District's operations.

#### MATERIAL CHANGES IN STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

##### Year Ending June 30, 2020

(Material changes for governmental activities = changes greater than \$150,000)  
(Material changes for business-type activities = changes greater than \$ 5,000)

	Increase (Decrease)	Reason
Governmental Activities:		
Current assets	239,000	Excess revenue plus depreciation.
Deferred outflow	(159,000)	SDRS pension activity.
Business-type Activities:		
Capital assets	5,000	Purchased Vulcan propane range.
Charges for services	(9,000)	School closed due to COVID
Food service cost	(5,000)	School closed due to COVID

#### SIGNIFICANT VARIATIONS BETWEEN ORIGINAL AND FINAL GENERAL FUND BUDGET

The School District's general fund budget for FY20 is \$1,772,450, which is an increase of \$23,362 or 1.34% from FY19. There was one supplemental appropriations to the general fund budget of \$1,285. See page 38 for more information.

#### SIGNIFICANT CAPITAL ASSET ACTIVITY

Significant capital asset activity is reported above. At June 30, 2020, the School District had invested \$2,024,003 in a broad range of capital assets, including land, buildings, improvements and equipment. This amount represents a net increase (including additions and deductions) of \$40,900 or 2.06% from June 30, 2019. See page 36 for more information.

#### SIGNIFICANT LONG-TERM DEBT ACTIVITY

The School District has accrued sick leave of \$34,097 which is a decrease of \$1,123 or 3.19% from FY19. There was no change to early retirement benefits. See page 37 for more information.

#### CURRENTLY KNOWN FACTS

In FY21 the School District replaced the gym roof for \$87,273 plus \$24,870 to remove bats. In FY21 the School District received a Homeland Security grant of approximately \$24,000 to upgrade door locks.

In FY21 the School District expects to receive COVID-19 CRF funds and ESSER II funds to be used to clean the school, control the spread of COVID-19, provide materials for e-learning and counseling services for those affected by COVID-19. The School District may receive ESSER III funds in FY22.

Student enrollments for the past several years are:

FY09 = 137	FY12 = 169	FY15 = 148	FY18 = 153	FY21 = 158
FY10 = 154	FY13 = 170	FY16 = 150	FY19 = 161	
FY11 = 157	FY14 = 164	FY17 = 142	FY20 = 161	

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

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Edgemont School District's business office at P.O. Box 29, Edgemont, SD 57735.

CONDENSED FINANCIAL INFORMATION  
NET POSITION (in thousands)  
BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 AND JUNE 30, 2019

	Governmental Activities		Business-Type Activities		Total Government	
	FY20	FY19	FY20	FY19	FY20	FY19
<b>ASSETS AND DEFERRED OUTFLOW</b>						
Current assets	3,179	2,940	10	11	3,189	2,951
Capital assets	2,010	1,974	14	9	2,024	1,983
Other assets	5	1			5	1
Deferred outflow of resources	302	461	6	6	308	467
<b>Total assets and deferred</b>	<b>5,496</b>	<b>5,376</b>	<b>30</b>	<b>26</b>	<b>5,526</b>	<b>5,402</b>
<b>LIABILITIES AND DEFERRED INFLOW</b>						
Current liabilities	195	199	5	4	200	203
Long-term debt	57	57			57	57
Deferred inflow of resources	865	798	2	1	867	799
<b>Total liabilities and deferred</b>	<b>1,117</b>	<b>1,054</b>	<b>7</b>	<b>5</b>	<b>1,124</b>	<b>1,059</b>
<b>NET POSITION</b>						
Capital assets	2,010	1,974	14	9	2,024	1,983
Restricted	1,370	1,566	4	5	1,374	1,571
Unrestricted	999	782	5	7	1,004	789
<b>Total net position</b>	<b>4,379</b>	<b>4,322</b>	<b>23</b>	<b>21</b>	<b>4,402</b>	<b>4,343</b>

CHANGES IN NET POSITION (in thousands)  
BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2020  
FOR THE FISCAL YEAR ENDING JUNE 30, 2019

	Governmental Activities		Business-Type Activities		Total Government	
	FY20	FY19	FY20	FY19	FY20	FY19
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	9	15	32	41	41	56
Operating grants and contri.	129	173	30	34	159	207
Capital grant					0	0
<b>General revenues:</b>						
Revenue from taxes	1,576	1,449			1,576	1,449
Revenue from federal sources	88	86			88	86
Revenue from state sources	568	623			568	623
Revenue from county sources	18	14			18	14
Interest earnings	3	9			3	9
Donations	15	163		1	15	164
Other general revenue	5	6			5	6
<b>Total revenues</b>	<b>2,411</b>	<b>2,538</b>	<b>62</b>	<b>76</b>	<b>2,473</b>	<b>2,614</b>
<b>Expenses:</b>						
Instruction	1,209	1,250			1,209	1,250
Support services	1,006	897			1,006	897
Cocurricular activities	115	130			115	130
Food service			87	92	87	92
<b>Total expenses</b>	<b>2,330</b>	<b>2,277</b>	<b>87</b>	<b>92</b>	<b>2,417</b>	<b>2,369</b>
<b>Excess rev (exp) before other financing sources (uses):</b>	<b>81</b>	<b>261</b>	<b>(25)</b>	<b>(16)</b>	<b>56</b>	<b>245</b>
<b>Other financing sources (uses):</b>						
Sale of surplus property	3				3	0
Compensation for damaged property					0	0
Transfer in (out)	(27)	(7)	27	7	0	0
<b>Change in net position</b>	<b>57</b>	<b>254</b>	<b>2</b>	<b>(9)</b>	<b>59</b>	<b>245</b>
<b>Net position:</b>						
June 30, 2018		4,068		30		4,098
June 30, 2019	4,322	4,322	21	21	4,343	4,343
June 30, 2020	4,379		23		4,402	

EDGEMONT SCHOOL DISTRICT NO. 23-1

STATEMENT OF NET POSITION  
AS OF JUNE 30, 2020

	Primary Government		
	Governmental	Business-	Total
	Activities	Type	
	Activities	Activities	
ASSETS			
Current assets:			
Cash	2,243,718	22	2,243,740
Advance payments	2,500		2,500
Receivables:			
Property taxes - current	756,628		756,628
Property taxes - delinquent	55,104		55,104
Due from other governments	91,163		91,163
Accounts	0	1,829	1,829
Inventory	29,003	8,917	37,920
Internal balances	719	(719)	0
Total current assets	3,178,835	10,049	3,188,884
Capital assets:			
Land	27,525		27,525
Buildings	1,575,730		1,575,730
Improvements	2,700,573		2,700,573
Equipment	601,672	73,004	674,676
Library books	214,540		214,540
Accumulated depreciation	(3,109,926)	(59,115)	(3,169,041)
Total capital assets	2,010,114	13,889	2,024,003
Other assets:			
Net pension assets	5,338	111	5,449
Total assets	5,194,287	24,049	5,218,336
DEFERRED OUTFLOW OF RESOURCES			
Pension related deferred outflows	302,075	6,293	308,368
Total deferred outflow of resources	302,075	6,293	308,368
LIABILITIES			
Current liabilities:			
Accounts payable	18,466	159	18,625
Contracts payable	120,613		120,613
Payroll deductions payable	23,657		23,657
Prepaid meals		2,972	2,972
Noncurrent liabilities due in one year:			
Leave payable	32,588	1,509	34,097
Total current liabilities	195,324	4,640	199,964
Noncurrent liabilities:			
Early retirement	57,120	0	57,120
Total noncurrent liabilities	57,120	0	57,120
Total liabilities	252,444	4,640	257,084
DEFERRED INFLOW OF RESOURCES			
Taxes levied for a future period	756,628		756,628
Pension related deferred inflows	108,748	2,265	111,013
Total deferred inflow of resources	865,376	2,265	867,641
NET POSITION			
Net invested in capital assets	2,010,114	13,889	2,024,003
Restricted for:			
Capital outlay	1,155,662		1,155,662
Special education	15,724		15,724
Pension - SDRS	198,665	4,139	202,804
Unrestricted	998,377	5,409	1,003,786
Total net position	4,378,542	23,437	4,401,979

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING JUNE 30, 2020

Functions/Programs:	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Primary government:	-----	-----	-----	-----	-----	Totals -----
Governmental activities:						
Instruction	1,208,573		82,666		(1,125,907)	(1,125,907)
Support services	1,006,326	1,997	46,063		(958,266)	(958,266)
Cocurricular activities	115,186	7,609			(107,577)	(107,577)
Total governmental activities	2,330,085	9,606	128,729	0	(2,191,750)	0 (2,191,750)
Business-type activities:						
Food service	87,215	31,780	30,199			(25,236) (25,236)
Total primary government	2,417,300	41,386	158,928	0	(2,191,750)	(25,236) (2,216,986)
	=====	=====	=====	=====	-----	-----
General revenue:						
Property taxes					1,529,317	1,529,317
Gross receipts tax					47,040	47,040
Revenue from federal sources					88,457	88,457
Revenue from state sources:						
State aid					544,951	544,951
State apportionment					13,733	13,733
Other					9,579	9,579
Revenue from county sources					17,645	17,645
Interest earnings					2,508	2,508
Donations					0	400 400
Donations - Bush grant					15,000	15,000
Other general revenues					4,583	4,583
Sale of surplus property					2,700	2,700
Transfer in (out)					(20,568)	20,568 0
Transfers - capital assets to food service					(6,205)	6,205 0
Total general revenue					2,248,740	27,173 2,275,913
Change in net position					56,990	1,937 58,927
Net position, July 1, 2019					4,321,552	21,500 4,343,052
Net position, June 30, 2020					4,378,542	23,437 4,401,979
					=====	=====

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

BALANCE SHEET -- GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2020

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
<hr/>					
ASSETS					
Cash	1,079,594	1,142,882	21,242		2,243,718
Advanced payments	2,500				2,500
Receivables:					
Property taxes - current	437,971	194,705	123,952		756,628
Property taxes - delinquent	35,458	12,815	6,831		55,104
Due from other governments	90,125		1,038		91,163
Due from other funds	719				719
Inventory	29,003				29,003
Total assets	1,675,370	1,350,402	153,063	0	3,178,835
<hr/>					
LIABILITIES					
Accounts payable	17,493	35	938		18,466
Contracts payable	111,229		9,384		120,613
Payroll deductions payable	20,592		3,065		23,657
Total liabilities	149,314	35	13,387	0	162,736
<hr/>					
DEFERRED INFLOW OF RESOURCES					
Taxes levied for a future period	437,971	194,705	123,952		756,628
Unavailable revenue:					
Property taxes - delinquent	35,458	12,815	6,831		55,104
Total deferred inflow of resources	473,429	207,520	130,783	0	811,732
<hr/>					
FUND BALANCE (DEFICIT)					
Nonspendable	31,503				31,503
Restricted		1,142,847	8,893		1,151,740
Committed					0
Assigned					0
Unassigned	1,021,124				1,021,124
Total fund balance	1,052,627	1,142,847	8,893	0	2,204,367
<hr/>					
Total liabilities and fund balance	1,675,370	1,350,402	153,063	0	3,178,835
<hr/>					

CLOSED

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

Total fund balance - governmental funds (above) 2,204,367

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

Capital assets used in governmental activities are not financial resources and therefore not reported as assets in governmental funds. Therefore:

Add the cost of capital assets 5,120,040  
Subtract accumulated depreciation (3,109,926)

Some liabilities are not due and payable in the current period. Therefore, subtract the following liabilities:

Accrued leave (32,588)  
Early retirement (57,120)

Assets such as taxes receivable (delinquent) are not available to pay of current period expenditures and therefore are deferred in the funds. 55,104

These pension related amounts are not an available financial resource and therefore are not reported in the funds.

Net pension assets 5,338  
Deferred outflow of resources 302,075  
Deferred inflow of resources (108,748)

Total net position on government-wide statement of net position 4,378,542

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
FOR THE YEAR ENDING JUNE 30, 2020

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Revenue:					
Revenue from local sources:					
Taxes:					
Ad valorem taxes	856,911	398,056	241,917		1,496,884
Prior year ad valorem taxes	12,064	6,346	3,430	83	21,923
Penalties and interest	3,454	1,907	1,041	41	6,443
Gross receipts	47,040				47,040
Interest earned	432	2,076			2,508
Cocurricular activities:					
Admissions	5,849				5,849
Other pupil activity	1,760				1,760
Other revenue from local sources:					
Medicaid administration pymt	1,913		84		1,997
Donations	15,000				15,000
Other	4,478	105			4,583
Total revenue from local sources	948,901	408,490	246,472	124	1,603,987
Revenue from intermediate sources:					
County sources:					
County apportionment	17,645				17,645
Revenue from state sources:					
Unrestricted grants-in-aid	552,737				552,737
Restricted grants-in-aid	355		5,947		6,302
Other	9,224				9,224
Revenue from federal sources:					
Unrestricted grants-in-aid	69,949				69,949
Restricted grants-in-aid	69,128	19,641	39,960		128,729
PILOT	18,508				18,508
Total revenues	1,686,447	428,131	292,379	124	2,407,081
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	452,533	51,726			504,259
Middle school	0				0
High school	294,962	6,722			301,684
Friday school	653				653
Special programs:					
Programs for special educ.			204,576		204,576
Educ. deprived (Title I)	58,632				58,632
Total instruction	806,780	58,448	204,576	0	1,069,804
Support services:					
Pupils:					
Guidance	40,718	952			41,670
Health services	685				685
Special education			51,596		51,596
Instruction:					
Staff training	4,736				4,736
Educational media	17,957	3,086			21,043
Technology in school	58,250	952			59,202
General administration:					
Board of Education	24,692				24,692
Elections	0				0
Executive administration	87,971	952			88,923
School administration:					
Office of principal	102,893	952			103,845
Medicaid administration	190				190
Business:					
Fiscal services	84,447	1,045			85,492
Operations and maintenance	263,604	7,831			271,435
Pupil transportation	43,706	648			44,354
Food service	7,430				7,430
Special education:					
Administration			35,292		35,292
Other			548		548
Total support services	737,279	16,418	87,436	0	841,133

(continued)

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
FOR THE YEAR ENDING JUNE 30, 2020 (continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Nonprogram charges:					
Recruitment	685				685
Early retirement	0				0
Total nonprogram charges	685	0	0	0	685
Cocurricular activities:					
Male activities	29,639	752			30,391
Female activities	28,776	752			29,528
Transportation	13,018				13,018
Combined activities	19,976	752			20,728
Total cocurricular services	91,409	2,256	0	0	93,665
Capital outlay:		208,044			208,044
Total expenditures	1,636,153	285,166	292,012	0	2,213,331
Excess of revenues over (under) expenditures	50,294	142,965	367	124	193,750
Other financing sources (uses):					
Sale of surplus property		2,700			2,700
Transfer in (out)	183,196			(183,196)	0
Transfer (out) - food service	(20,568)				(20,568)
Net change in fund balance	212,922	145,665	367	(183,072)	175,882
Fund balance (deficit):					
July 1, 2019	839,705	997,182	8,526	183,072	2,028,485
June 30, 2020	1,052,627	1,142,847	8,893	0	2,204,367

CLOSED

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

Net change in fund balances - total governmental funds (above) 175,882

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

Add the cost of capital asset purchases	208,044
Subtract depreciation taken on all capital assets	(165,675)
Subtract transfer out of equipment to the food service fund	(6,205)

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

Subtract prior year delinquent taxes	(51,038)
Add current year delinquent taxes	55,104

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

Add prior year accrued leave	34,565
Subtract current year accrued leave	(32,588)
Subtract current year early retirement	0

Expenses and reductions of expenses related to pensions do not  
provide current financial resources and, therefore, are not  
reported in the funds (161,099)

Change in net position on government-wide statement of activities 56,990

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF NET POSITION - ENTERPRISE FUND  
AS OF JUNE 30, 2020

	Food Service Fund
ASSETS	
Current assets:	-----
Cash	22
Accounts	1,829
Inventory - supplies	2,100
Inventory - purchased goods	3,507
Inventory - commodities (donated)	3,310
Capital assets:	
Equipment	73,004
Accumulated depreciation	(59,115)
Other assets:	
Net pension assets	111
	-----
Total assets	24,768
	=====
DEFERRED OUTFLOW OF RESOURCES	
Pension related deferred outflows	6,293
	-----
Total deferred outflow of resources	6,293
	=====
LIABILITIES	
Current liabilities	
Wages payable	159
Payroll deductions payable	
Due to other funds	719
Prepaid meals	2,972
Accrued leave payable	1,509
	-----
Total liabilities	5,359
	=====
DEFERRED INFLOW OF RESOURCES:	
Pension related deferred inflows	2,265
	-----
Total deferred inflow of resources	2,265
	=====
NET POSITION	
Net invested in capital assets	13,889
Restricted - pension related	4,139
Unrestricted	5,409
	-----
Total net position	23,437
	=====
See accompanying notes.	



EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - ENTERPRISE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2020

	Food Service Fund -----
Operating revenue:	
Sales to pupils	15,634
Sales to adults	2,756
Other sales	13,390
	-----
Total operating revenue	31,780
	-----
Operating expense:	
Salaries	33,945
Employee benefits	3,995
Purchased services	4,880
Supplies	2,272
Cost of sales:	
Purchased food	34,867
Donated food	4,781
Depreciation	1,468
Pension related expense	1,007
	-----
Total operating expenses	87,215
	-----
Operating income (loss)	(55,435)
Nonoperating revenue (expense):	
Interest earned	0
Local donations	400
State source: Cash reimbursement	252
Federal source: Cash reimbursement	25,254
Donated food	4,693
	-----
Total nonoperating revenue (expense)	30,599
	-----
Income (loss) before transfers	(24,836)
Transfer in - general fund	20,568
Transfer in - general capital assets	6,205
	-----
Change in net position	1,937
Net position:	
July 1, 2019	21,500
	-----
June 30, 2020	23,437
	=====
See accompanying notes.	

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2020

	Food Service Fund -----
Operating activities:	
Receipts from customers	31,948
Payments to employees	(37,300)
Payments to suppliers	(42,934)
Net cash provided (used) by operating activities	----- (48,286)
Noncapital financing activities:	
Due to other funds	719
Local donations	400
Transfer in - genral	20,568
Grant cash reimbursements, state	252
Grant cash reimbursements, federal	25,254
Capital financing activities:	
None	0
Investing activities:	
Interest earnings	0
Net increase (decrease) in cash and cash equivalents	----- (1,093)
Cash and cash equivalents:	
July 1, 2019	1,115
June 30, 2020	----- 22 =====
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(55,435)
Value of donated commodities used	4,781
Depreciation	1,468
Pension related expense	1,007
Change in operating accounts:	
Accounts receivable	522
Inventory - supplies	70
Inventory - purchased	(1,145)
Accounts payable	159
Wages payable	(188)
Payroll deductions payable	(26)
Unearned revenue	(353)
Leave payable	854
Net cash provided (used) by operating activities	----- (48,286) =====
Noncash investing, capital and financing activities:	
Value of donated commodities received:	4,693
Value of Vulcan propane range	6,205

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2020

	Private Purpose Trust (Scholarships)	Agency Funds
	-----	-----
ASSETS		
Cash	5,915	69,828
Certificates of deposit	14,483	
	-----	-----
Total assets	20,398	69,828
	=====	=====
LIABILITIES		
Due to general fund		2,500
Amounts held for others		67,328
	-----	-----
Total liabilities	0	69,828
	-----	=====
NET POSITION		
Held in trust for scholarships	20,398	
	=====	

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDING JUNE 30, 2020

	Private Purpose Trust (Scholarships)
	-----
Additions:	
Donations	0
Interest received	71
	-----
Total additions	71
	-----
Deductions:	
Scholarship awards	300
	-----
Total deductions	300
	-----
Change in net position	(229)
Net Positon:	
July 1, 2019	20,627
	-----
June 30, 2020	20,398
	=====

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

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

The School District's officials at June 30, 2020 are:

Board Members:

Gary Darrow, Chairperson  
Connie Gerard  
Susan Humiston  
Shane Miller  
Justin Printz

Superintendent:

Amy Ferley

Business Manager:

Diane Stevens

Attorney:

Richard Pluimer

The reporting entity of the School District consists of (1) the primary government, which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity; (2) those organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

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

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

b. Basis of Presentation:

*Government-wide Financial Statements:*

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

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

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

*Fund Financial Statements:*

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

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

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

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

*Governmental Funds*

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

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

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

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

Pension fund - A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of a school district, which have established such systems, paying the School District's share of retirement plan contributions, and for funding early retirement benefits (if any) to qualifying employees. This fund is financed by property taxes, is a major fund, and was closed in FY20.

#### Enterprise Funds

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

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

#### Fiduciary Funds

Fiduciary are never considered to be major funds.

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

Agency fund type - agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature, they do not involve the measurement of results of operations. The School District maintains agency funds to hold assets in a trustee capacity for various classes, clubs, etc.

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

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

#### Measurement Focus

##### *Government-wide Financial Statements:*

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

The "economic resources" measurement focus includes all assets and liabilities (whether current or noncurrent, financial, or nonfinancial) on

the balance sheet. Operating statements use the flow of all economic resources to present operating income, changes in net position, and cash flows during the accounting period. This measurement focus uses the term "net position" to describe its equity at the end of the accounting period.

#### *Fund Financial Statements:*

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

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

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

#### *Basis of Accounting*

##### *Government-wide Financial Statements:*

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

##### *Fund Financial Statements:*

In the fund financial statements, all governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The School District's availability period for accruing and recording revenues is 60 days. The revenues which are accrued at June 30, 2020 are grants and other accounts receivable.

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

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due. However, the Edgemont School District budgets for, and makes payment of, debt obligations (if any) due on July 1st as of June 30th, the end of the School District's fiscal year.

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

d. Interfund Eliminations and Reclassifications:

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

In the fund financial statements, noncurrent portions of long-term interfund receivables are reported as Nonspendable Fund Balance to the extent that the proceeds from the collection of those receivables are not Restricted, Committed, or Assigned. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources" and are reported in the appropriate fund balance category.

e. Interfund Transactions:

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

f. Cash and Cash Equivalents:

The School District pools its cash for depositing and investing purposes. Accordingly, enterprise funds have access to their cash resources on demand and consequently all enterprise fund deposits and investment balances are considered to be cash equivalents for the purposes of the statement of cash flows.

g. Capital Assets and Infrastructure assets:

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

*Government-wide Financial Statements:*

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

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated 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. After an item has been capitalized, subsequent improvements or betterments that are significant, and which extend the useful life of the item, are also capitalized.



The total June 30, 2020 balance of capital assets for governmental activities include approximately 5% for which the costs were determined by estimates of the original costs. The total June 30, 2020 balance of capital assets for business-type activities includes approximately 0% for which the costs were determined by estimates of the original costs. The estimated original costs were established by appraisals or deflated current replacement cost.

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide statement of activities and the enterprise fund statement of revenue, expenses and changes in fund net position. Accumulated depreciation is reported on the government-wide statement of net position and on the enterprise fund's statement of net position. See also page 36.

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

	Capitalization Threshold	Depreciation Method	Estimated Life in Years
	-----	-----	-----
Land	All	N/A	N/A
Buildings/improvements	50,000	Straight-line	50-90
Improvements	5,000	Straight-Line	10-30
Equipment	5,000	Straight-line	5-25
Equipment - food service	1,000	Straight-line	5-20

Land is an inexhaustible capital asset and is not depreciated.

#### *Fund Financial Statements:*

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

#### h. Long-term Liabilities:

##### *Government-wide Financial Statements:*

In the government-wide financial statement, all long-term liabilities to be repaid from governmental or business-type resources are reported as liabilities. Long-term liabilities consist of early retirement and accrued leave obligations.

##### *Fund Financial Statements:*

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

#### *Sick Leave:*

Sick leave hours, equal to one day per month of scheduled daily hours for each position, will be credited to each employee at the end of each calendar month worked. Accumulated sick leave may not exceed 60 days on July 1 of each year.

i. Program Revenues and General Revenues:

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

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

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

j. Deferred Outflows and Deferred Inflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

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

k. Enterprise Fund Revenue and Expense Classifications:

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

1. Equity Classifications:

*Government-wide Financial Statements:*

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

1. Net Invested in Capital Assets - Consist of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any capital outlay certificate payable, capitalized leases payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consist of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

3. Unrestricted Net Position - All other net position that does not meet the criteria of "Net Invested in Capital Assets" or "Restricted Net Position".

*Fund Financial Statements:*

Governmental fund equity is classified as "Fund Balance", and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Enterprise fund equity is classified as "Net Position", 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 a purpose.

m. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the 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 (or modified or rescinded) by the government through formal action at the highest level of decision making authority and does not lapse at year-end.
- \* Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by School Board, Superintendent, or Business Manager.
- \* Unassigned - includes positive fund balance within the general fund which has not been classified within the above categories and negative fund balances in other governmental funds.

Edgemont School District fund balance classifications are made up of:

<u>Fund Balance Classification</u>	<u>Account or Fund</u>	<u>Authority or Action</u>	<u>Amount</u>
Nonspendable	Inventory		29,003
	Advance payments		2,500
Restricted	Capital Outlay	Statute	1,142,847
	Special Education	Statute	8,893
	Pension	Statute	0 closed
Committed	None		0
Assigned	None		0
Unassigned	General		1,021,124
			-----
			2,204,367

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

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

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

Major Special Revenue Fund	Revenue Source: (see page 12)
* Capital Outlay	Property taxes, federal grants, and donations
* Special Education	Property taxes, Medicaid service payments, state and federal grants
* Pension	Prior year property taxes

n. Application of Net Position:

It is the School District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred which can be charged to either restricted or unrestricted net position.

o. Allowance for Doubtful Accounts:

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

p. Accounting Estimates:

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

- \* Allowance for doubtful accounts - estimated uncollectables
- \* Inventory - estimated fair market value
- \* Depreciation - estimated cost of certain assets and service lives
- \* Pension - actuarial assumptions

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

None reported.

3. DEPOSITS, INVESTMENTS AND RISK

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

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

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

Actual bank balances at June 30, 2020 were as follows: Insured \$342,638, Collateralized \*\* \$2,004,294, for a total of \$2,346,932.

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

The carrying amount of these deposits at June 30, 2020 was \$2,333,744 which equals \$2,243,740 on the government-wide statement of net position plus \$90,226 on the fiduciary funds statement less \$222 of petty cash.

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

For the year ending June 30, 2020, the School District had no investments. Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits.

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

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

Custodial Credit Risk (Deposits) - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2020, the School District's deposits in financial institutions were not exposed to 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 deposit or investment.

#### 4. RECEIVABLES AND PAYABLES

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

#### 5. DUE FROM OTHER GOVERNMENTS

At June 30, 2020 amounts due from other governments were:

Title I	\$ 26,332
Title II	16,949
PL 94-142	1,038
Gross receipts	46,844
	-----
	\$ 91,163

#### 6. INVENTORY

*Government-wide Statements: (consumption method)*

In the government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are used. Inventory at June 30, 2020 is estimated to be \$29,003 primarily for fuel oil, printer cartridges and janitorial supplies in the general fund and \$8,917 primarily for food in the food service fund.

*Fund Financial Statements: (consumption method)*

In the fund financial statements, inventories of the general fund and special revenue funds (if any) consist of expendable supplies held for consumption. The cost is recorded as an asset and charged to expense as they are consumed. Any reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

In the fund financial statements, inventory of the enterprise fund is stated at the lower of cost or market. The cost valuation method is first-in first-out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt. Inventories of the food service fund are initially recorded as an asset and charged to expense as they are consumed.

7. CHANGES IN CAPITAL ASSETS (see schedule one)

A summary of changes in capital assets for the fiscal year ending June 30, 2020 is found on schedule one at the end of these footnotes.

There is no construction-in-progress at June 30, 2020.

8. CHANGES IN LONG-DEBT (see schedule two)

A summary of changes in long-term debt for the fiscal year ending June 30, 2020 is found on schedule two at the end of these footnotes.

The School District has no direct borrowing debt, short-term or conduit debt.

9. INTERFUND BALANCES AND TRANSFERS

At June 30, 2020 the general fund advanced \$2,500 to the trust & agency imprest fund for advance payments. Also, the general fund advanced \$719 to the food service fund to cover a negative cash balance, which is expected to be repaid within a year.

During the year ending June 30, 2020:

- \* the pension fund transferred \$183,196 to the general fund to close itself out.
- \* the general fund transferred \$20,568 to the food service fund for operations.
- \* general capital assets transferred a Vulcan propane range to the food service fund which cost \$6,205.

10. RESTRICTED NET POSITION

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

Fund	Restricted by	Governmental Activities Amount	Business-type Activities Amount
Capital outlay	Law	\$ 1,155,662	
Special education	Law	15,724	
SDRS Pension:			
General	Contract	198,665	
Food service	Contract		\$ 4,139
		-----	-----
Total restricted net position		\$ 1,370,051	\$ 4,139

11. PENSION PLAN

Summary of Significant Accounting Policies:

For purpose of measuring the net pension (assets), liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. School District contributions and net position (asset)/liability are recognized on an accrual basis of accounting.

#### Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. SDRS issues a publicly available financial report that includes financial statements and required supplementary information.

That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to SDRS, PO Box 1098, Pierre, SD 57501-1098 or calling (605) 773-3731.

#### Benefits Provided:

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

Members that were hired before July 1, 2017 are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80.

Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

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

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

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

> If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be: The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be equal to or greater than 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, contributions requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ending June 30, 2020, 2019 and 2018 were \$68,613, \$65,600, and \$73,735 respectively (employer's share) equal to the required contribution each year.

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

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

Proportionate share of total pension liability	\$ 6,408,264
Less: Proportionate share of net position restricted for pension benefits	(6,413,713)
	-----
Proportionate share of net pension (asset)/liability	\$ (5,449)
	=====

At June 30, 2020 the School District reported a (asset)/liability of \$(5,449) for its proportionate share of the net pension (asset)/liability. 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 .000514216 which is a decrease of .000076921 over its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized net pension expense of \$162,107.

At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:



	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21,375	\$ 2,466
Change in assumptions	188,204	77,155
Net difference between projected and actual earnings on pension plan investments	0	31,392
Changes in proportion and difference between client contribution and proportionate share of contributions	30,176	
School District contributions subsequent to the measurement date	68,613	
	-----	-----
Totals	\$ 308,368	\$ 111,013
	(68,613)	=====
	(111,013)	
	-----	
To be amortized over 4 years	\$ 128,742	
	=====	

The \$68,613 reported as deferred outflow of resources related to the Pension, results from the School District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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

Year Ending June 30, 2021	\$ 155,610
June 30, 2022	(24,113)
June 30, 2023	(16,415)
June 30, 2024	13,660
	-----
	\$ 128,742
	=====

#### Actuarial Assumptions:

The total pension 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
Futurs 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.

### Investments

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which my utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (ie: the Council should use the same degree of care as a prudent man.) Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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%
	-----	
	100.0%	
	=====	

### Discount Rate:

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

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

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
School District's proportionate share of the net pension (asset)/liability	\$904,474	\$(5,449)	\$(746,872)

### Pension Plan Fiduciary Net Position:

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

## 12. PROPERTY TAXES

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

School District property tax revenue are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable, which is not intended to be used to finance the current year's appropriations, and therefore not susceptible to accrual, has been reported as deferred revenue in both the government-wide financial statements and the fund financial statements.

Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period". However, because property taxes are payable on April 30 and October 31 each year, about 1/2 of the property tax levy is collected by June 30, to finance the current year's appropriations, and 1/2 is collected after June 30, to finance the next year's appropriations.

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

Delinquent property taxes, from prior year tax levies, are included in "net position" in the government-wide statement of activities but are deferred in the fund financial statements. See reconciliations on page 11 and 13.

## 13. JOINT VENTURES

### Black Hills Special Services Cooperative:

The School District participates in the Black Hills Special Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing pupil support services to member school districts.

The following 12 school districts are members of the co-op and each has an equal (8.33%) participation in the in the co-op: Belle Fourche, Custer, Douglas, Edgemont, Haakon, Hill City, Hot Springs, Lead-Deadwood, Meade, Oelrichs, Rapid City, and Spearfish.

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

The School District retains no equity in the net position of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above. At June 30, 2020 this joint venture had a total AUDITED unrestricted equity of \$4,084,305 and \$37,968 in long-term liabilities. Separate financial statements for this joint venture are available from the Black Hills Special Services Cooperative at P.O. Box 218, Sturgis, South Dakota 57785 or call 605-347-4467.

## 14. RISK MANAGEMENT

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

#### Health:

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

The School District does not carry additional 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.

#### Liability:

The School District joined the Associated School Boards of South Dakota Property Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower cost for that coverage. The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made by or against the School District. The School District pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage.

The School District pays an annual premium to the pool to provide coverage for: property, automobile, general liability, and crime.

The agreement with the ASBSD-PLF provides that the above coverage's will be provided up to a \$10,000,000 limit for property, \$5,000,000 per occurrence and an unlimited aggregate limit for general liability, \$5,000,000 limit for automobile liability, \$5,000,000 limit for employee benefits liability and a \$1,000,000 limit for crime.

Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The School carries a \$2,500 deductible for the property and automobile and a \$1,000 deductible for crime coverage.

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 during the past three years.

#### Workmen'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 (Pool), which provides workers compensation insurance coverage for participating members of the pool.

The objective of the Pool is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The 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 Pool 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 retrospective rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Pool 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 reinsurance 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 during the past three years.

#### Unemployment Benefits:

The School District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota. In FY20 School District made no unemployment payments, but expects to make approximately \$1,000 of unemployment payments in FY21.

#### 15. TAX ABATEMENTS

As of June 30, 2020 the School District did not provide any tax abatement incentives through agreements that are considered tax abatements in accordance with the provisions of GASB Statement No. 77.

#### 16. LITIGATION

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

#### 17. OTHER DISCLOSURES AND SUBSEQUENT EVENT

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

In FY21 the School District replaced the gym roof for \$87,273 plus \$24,870 to remove bats. In FY21 the School District received a Homeland Security grant of approximately \$24,000 to upgrade door locks.

In FY21 the School District expects to receive COVID-19 CRF funds and ESSER II funds to be used to clean the school, control the spread of COVID-19, provide materials for e-learning and counseling services for those affected by COVID-19. The School District may receive ESSER III funds in FY22.

EDGEMONT SCHOOL DISTRICT No. 23-1

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE  
CHANGES IN CAPITAL ASSETS  
FOR THE YEAR ENDING JUNE 30, 2020

	Beginning 6-30-19 -----	Book Adjustments -----	Additions -----	Deletions -----	Ending 6-30-20 -----	Accumulated Depreciation 6-30-19 -----	Book Adjustments -----	Depreciation Additions -----	Depreciation Deletions -----	Accumulated Depreciation 6-30-20 -----	Remaining Cost 6-30-20 -----
Non-depreciable:											
Land	27,525				27,525	0					27,525
Depreciable:											
Buildings	1,575,730				1,575,730	(1,070,210)		(23,880)		(1,094,090)	481,640
Improvements	2,577,916		122,657		2,700,573	(1,285,396)		(99,899)		(1,385,295)	1,315,278
Equipment	522,490		85,387	(6,205)	601,672	(378,247)		(41,659)		(419,906)	181,766
Library books	214,540				214,540	(210,398)		(237)		(210,635)	3,905
Construction-in-progress	0				0	0				0	0
Totals	4,918,201	0	208,044	(6,205)	5,120,040	(2,944,251)	0	(165,675)	0	(3,109,926)	2,010,114
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Additions:											
Paving			109,129								
Sprinkler system			6,528								
Track stripping			7,000								
Phone system			34,282								
2019 Collins 14 passenger van			44,900								
Vulcan propane range for food service			6,205								
			-----								
			208,044								
			=====								
Enterprise fund:											
Food service fund:											
Equipment	72,799		6,205	(6,000)	73,004	(63,646)	(1)	(1,468)	6,000	(59,115)	13,889
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Totals	72,799	0	6,205	(6,000)	73,004	(63,646)	(1)	(1,468)	6,000	(59,115)	13,889
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

Governmental depreciation  
is allocated as follows:

Instruction	61,259
Support services	82,894
Cocurricular	21,522
	-----
	165,675
	=====

EDGEMONT SCHOOL DISTRICT No. 23-1

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE TWO  
CHANGES IN LONG-TERM DEBT  
FOR THE YEAR ENDING JUNE 30, 2020

	Beginning 6-30-19	Additions	(Deletions)	Ending 6-30-20	Principal Due In FY21
<b>GOVERNMENTAL - DIRECT BORROWING</b>					
None					
<b>GOVERNMENTAL - OTHER DEBT</b>					
Early Retirement	57,120			57,120	0
Accrued leave liability:					
Sick leave, paid by general fund	29,471		(1,691)	27,780	27,780
Sick leave, paid by special education fu	5,094		(286)	4,808	4,808
	<u>91,685</u>	<u>0</u>	<u>(1,977)</u>	<u>89,708</u>	<u>32,588</u>
<b>BUSINESS-TYPE - DIRECT BORROWING</b>					
None					
<b>BUSINESS-TYPE - OTHER DEBT</b>					
Accrued leave liability:					
Sick leave	655	854		1,509	1,509
	<u>655</u>	<u>854</u>	<u>0</u>	<u>1,509</u>	<u>1,509</u>

Repayment Schedule as of June 30, 2020	Total Payment	Principal	Interest	Remaining Balance
<b>Early Retirement:</b>				
6-30-21	0	0	0	57,120
6-30-22	0	0	0	57,120
6-30-23	57,120	57,120	0	0
	<u>57,120</u>	<u>57,120</u>	<u>0</u>	

EDGEMONT SCHOOL DISTRICT No. 23-1  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
FOR THE YEAR ENDING JUNE 30, 2020

GENERAL FUND	Budgeted Amounts				Variance Positive (Negative)
	Original	Contingency Transfers	Supplementals	Final	
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	819,935			819,935	856,911
Prior year ad valorem taxes:	5,000			5,000	12,064
Penalties and interest	3,000			3,000	3,454
Gross receipts	36,000			36,000	47,040
Interest earned	4,000			4,000	432
Cocurricular activities:					
Admissions	5,000			5,000	5,849
Other pupil activity	2,000			2,000	1,760
Other revenue from local sources:					
Medicaid administration	1,000			1,000	1,913
Donations	20,000			20,000	15,000
Other	0			0	4,478
Intermediate sources:					
County apportionment	10,000			10,000	16,950
County severance tax	6,000			6,000	695
State sources:					
Unrestricted grants-in-aid	549,835			549,835	552,737
Restricted grants-in-aid	0			0	355
Other	5,000			5,000	9,224
Federal sources:					
Unrestricted grants-in-aid	79,168			79,168	69,949
Restricted grants-in-aid	77,285		1,285	78,570	69,128
PILOT	17,000			17,000	18,508
Total revenues	1,640,223	0	1,285	1,641,508	1,686,447
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	477,438	14,135		491,573	452,533
Middle school				0	0
High school	312,506	10,533		323,039	294,962
Friday school	2,850			2,850	653
Special programs:					
Educ. deprived (Title I)	62,508			62,508	58,632
Support services:					
Pupils:					
Guidance	41,539			41,539	40,718
Health services	600			600	685
Instruction:					
Staff training	3,800			3,800	4,736
Educational media	17,293	724		18,017	17,957
Technology in school	56,648	2,381		59,029	58,250
General administration:					
Board of Education	24,209	1,228		25,437	24,692
Elections	731			731	0
Executive administration	85,201			85,201	87,971
School administration:					
Office of principal	107,186			107,186	102,893
Medicaid admin fees	200			200	190
Business:					
Fiscal services	84,116	393		84,509	84,447
Facility acquisition and c	1,000			1,000	
Operations and maintenance	261,678	7,537		269,215	263,604
Pupil transportation	49,432			49,432	43,706
Food preparation	5,610		1,285	6,895	7,430
Nonprogram charges: Recruitmen	1,100			1,100	685
Cocurricular activities:					
Male activities	34,343			34,343	29,639
Female activities	32,159			32,159	28,776
Transportation	16,595			16,595	13,018
Combined activities	22,423			22,423	19,976
Contingencies:	70,000			70,000	
Contingencies: Transferred		(36,931)		(36,931)	
Total expenditures	1,771,165	0	1,285	1,772,450	1,636,153
Other financing sources and (uses):					
Transfer in	121,944			121,944	183,196
Transfer out	(23,969)			(23,969)	(20,568)
Sale of surplus property				0	0
Net change in fund balance	(32,967)	0	0	(32,967)	212,922
Fund balance:					
July 1, 2019	839,705			839,705	839,705
June 30, 2020	806,738	0	0	806,738	1,052,627



EDGEMONT SCHOOL DISTRICT No. 23-1

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
FOR THE YEAR ENDING JUNE 30, 2020

CAPITAL OUTLAY FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	408,354	78,762	487,116	398,056	(89,060)
Prior year's ad valorem ta:	2,500		2,500	6,346	3,846
Penalties and interest	500		500	1,907	1,407
Interest earned	500		500	2,076	1,576
Other	0		0	105	105
Federal SRSA - Reap Gaps	0	7,158	7,158	19,641	12,483
Total revenues	411,854	85,920	497,774	428,131	(69,643)
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	30,800	7,158	37,958	68,867	(30,909)
High school	31,300		31,300	23,863	7,437
Programs for special educa	1,000		1,000		1,000
Support services:					
Instruction:					
Guidance			0	952	(952)
Educational media	3,000		3,000	3,086	(86)
Technology in school			0	952	(952)
General administration:					
Executive administration			0	952	(952)
School administration:					
Office of Principal			0	952	(952)
Business:					
Fiscal services	500		500	1,045	(545)
Construction and improvemen	90,000	62,657	152,657	122,657	30,000
Operation and maintenance	14,425		14,425	7,831	6,594
Transportation	40,000	9,900	49,900	45,548	4,352
Food service	0	6,205	6,205	6,205	0
Cocurricular activities:					
Male activities	3,500		3,500	752	2,748
Female activities	3,500		3,500	752	2,748
Combined activities	25,000		25,000	752	24,248
Total expenditures	243,025	85,920	328,945	285,166	43,779
Other financing sources and (uses):					
Sale of surplus property			0	2,700	2,700
Net change in fund balance	168,829	0	168,829	145,665	(23,164)
Fund balance:					
July 1, 2019	997,182		997,182	997,182	0
June 30, 2020	1,166,011	0	1,166,011	1,142,847	(23,164)

EDGEMONT SCHOOL DISTRICT No. 23-1

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
FOR THE YEAR ENDING JUNE 30, 2020

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	220,611	34,778	255,389	241,917	(13,472)
Prior year ad valorem taxes	1,000		1,000	3,430	2,430
Penalties and interest	500		500	1,041	541
Interest earned	500		500		(500)
Medicaid administration pymt	500		500	84	(416)
State sources:					
Restricted grants-in-aid	6,970		6,970	5,947	(1,023)
Federal sources:					
Restricted grants-in-aid	49,640		49,640	39,960	(9,680)
Total revenues	279,721	34,778	314,499	292,379	(22,120)
Expenditures:					
Instruction:					
Special programs:					
Special education	208,352	30,017	238,369	204,576	33,793
Support services:					
Pupils:					
Special education	54,255	2,496	56,751	51,596	5,155
Other:					
Administration	39,389	2,265	41,654	35,292	6,362
Other	350		350	548	(198)
Total expenditures	302,346	34,778	337,124	292,012	45,112
Other financing sources and (uses):					
Transfer in	22,625		22,625		(22,625)
Net change in fund balance	0	0	0	367	367
Fund balance:					
July 1, 2019	8,526		8,526	8,526	0
June 30, 2020	8,526	0	8,526	8,893	367

EDGEMONT SCHOOL DISTRICT No. 23-1

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
FOR THE YEAR ENDING JUNE 30, 2020

PENSION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes			0		0
Prior year ad valorem taxes			0	83	83
Penalties and interest			0	41	41
Interest earned			0		0
Total revenues	0	0	0	124	124
Expenditures:					
Instruction:					
Regular programs:					
Elementary school			0		0
High school		61,200	61,200		61,200
Total expenditures	0	61,200	61,200	0	61,200
Other financing sources and (uses):					
Transfer (out)		(121,944)	(121,944)	(183,196)	(61,252)
Net change in fund balance	0	(183,144)	(183,144)	(183,072)	72
Fund balance:					
July 1, 2019	183,072		183,072	183,072	0
June 30, 2020	183,072	(183,144)	(72)	0	72
CLOSED					

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS

1. Budgets and Budgetary Accounting:

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

- a. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the school board at the first regular meeting held in May of each year.
- c. The proposed budget is published for public review no later than July 15 of each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 1h below.
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets, when money is available, to increase legal spending authority. See page 38 to 41.
- i. Unexpended appropriations lapse at year end unless encumbered by resolution of the school board. No encumbrances were outstanding at June 30, 2020.
- j. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds (if any) because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- k. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. GAAP and Budgetary Accounting Basis Difference:

The financial statements prepared in conformity with U.S.GAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital expenditure on the governmental funds statement of revenues, expenditures and changes in fund balances. However, in the budgetary RSI schedule, the purchase of a school bus would be reported as an expenditure of the support service/business/pupil transportation function of government, along with all other current pupil transportation related expenditures.

EDGEMONT SCHOOL DISTRICT No. 23-1  
FOR THE SIX YEARS ENDING JUNE 30, 2019

SUPPLEMENTARY INFORMATION

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

SDRS Measurement Date Year Ended (1)	School's Pension Allocation Percentage	School's Proportionate Share of Net Pension (Asset) Liability	School's Covered Employee Payroll for a June 30th Year End	School's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.0514216%	(5,449)	1,093,333	(00.50%)	100.09%
June 30, 2018	0.0591137%	(1,379)	1,228,917	(00.11%)	100.02%
June 30, 2017	0.0614424%	(5,576)	1,248,383	(00.45%)	100.10%
June 30, 2016	0.0639407%	215,985	1,215,833	17.76%	96.89%
June 30, 2015	0.0635851%	(269,682)	1,160,883	(23.23%)	104.10%
June 30, 2014	0.0631053%	(454,648)	1,103,533	(41.20%)	107.30%

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

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

EDGEMONT SCHOOL DISTRICT No. 23-1  
FOR THE SEVEN YEARS ENDING JUNE 30, 2020

SUPPLEMENTARY INFORMATION

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

School's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	School's Covered Employee Payroll for its June 30th Year End	Contributions as a Percentage of Covered Employee Payroll
June 30, 2020	68,613	68,613	0	1,143,550	6.00%
June 30, 2019	65,600	65,600	0	1,093,333	6.00%
June 30, 2018	73,735	73,735	0	1,228,917	6.00%
June 30, 2017	74,903	74,903	0	1,248,383	6.00%
June 30, 2016	72,950	72,950	0	1,215,833	6.00%
June 30, 2015	69,653	69,653	0	1,160,883	6.00%
June 30, 2014	66,212	66,212	0	1,103,533	6.00%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

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 3rd 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 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 increased 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.

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

Governing Board  
Edgemont School District No. 23-1  
Edgemont, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edgemont School District (School District), Fall River County, South Dakota, as of June 30, 2020 and for one year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued my report thereon dated June 14, 2021 which was unmodified.

Compliance and Other Matters

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

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

I did note a minor matter involving compliance that I reported to the governing body and management of the Edgemont School District in a separate Letter of Comments dated June 14, 2021.

Internal Control Over Financial Reporting

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

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

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be a material weakness. However, material weaknesses may exist that have not been identified.

I did note minor matters involving internal control that I reported to the governing body and management of the Edgemont School District in a separate Letter of Comments dated June 14, 2021.

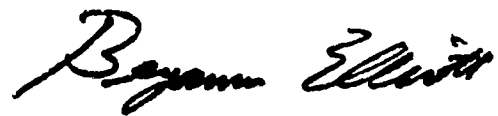
Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of compliance and internal control over financial reporting, and the results of that testing, and not to provide an opinion on the effectiveness of the School District's compliance or internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edgemont School District's compliance and internal control over financial reporting. 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.

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

June 14, 2021

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



SCHEDULE OF PRIOR AUDIT FINDINGS

There are no written prior year audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS

*Financial Statements*

Type of auditor's report issued:

Unqualified on:

Governmental Activities

Business-Type Activities

Major Funds

Aggregate Remaining Funds

Noncompliance material to financial  
statements noted?

None Reported

Internal control over financial reporting:

\* Material weakness(es) identified?

None Reported

\* Significant deficiency(ies) identified  
that are not considered to be material  
weaknesses?

None Reported

There are no written current audit findings.