

Oelrichs School District No. 23-3

**Independent Auditor's Report
and Financial Statements**

**For the Year Ended
June 30, 2023**

Oelrichs School District No. 23-3

School District Officials

June 30, 2023

Board Members:

Dave Osmotherly----- President

John Cope ----- Member

Katie Merdanian----- Member

Lance Tlustos----- Member

Marty Schommer ----- Member

Dr. Mitchell Stone----- Superintendent

Valerie Sword ----- Business Manager

Oelrichs School District No. 23-3

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

To the School Board
Oelrichs School District No. 23-3
Oelrichs, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oelrichs School District No. 23-3 (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 9, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs, as item 2023-001 to be a material weakness.

Report on Compliance and Other Matters

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

School District's Response to Findings

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

Purpose of This Report

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



Chamberlain, South Dakota
March 9, 2024



**Independent Auditor’s Report on Compliance for Each Major Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the School Board
Oelrichs School District No. 23-3
Oelrichs, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Oelrichs School District No. 23-3’s compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal programs for the year ended June 30, 2023. The School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, Oelrichs School District No. 23-3 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oelrichs School District No. 23-3 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in cursive script that reads "CLO Prof LLC".

Chamberlain, South Dakota
March 9, 2024

Oelrichs School District No. 23-3
 Schedule of Prior and Current Audit Findings and Questioned Costs
 Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: X Yes No

Significant deficiencies identified that are not considered to be material weakness(es)? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? Yes X None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a). Yes X No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.041	Impact Aid

Dollar threshold used to distinguish between type A and type B programs:

 \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Oelrichs School District No. 23-3
Schedule of Current Audit Findings
Year Ended June 30, 2023

Section II – Financial Statement Findings

Finding 2023-01

Material Weakness

Internal Control over Year-End Closing Process Including Preparation of the Financial Statements

Criteria: The School District's internal control structure should be designed to provide for the preparation of the financial statements and footnotes in accordance with generally accepted accounting principles.

Condition: Oelrichs School District 23-3 requested the external auditors to assist in the preparation of the financial statements and related footnotes for the year ended June 30, 2023.

Cause: The limited size of the School District's staff and resources cause the inability to prepare the financial statements, footnotes, and the schedule of federal awards.

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

Repeat Finding from Prior Years: Yes

Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Also, a thorough review of the transactions in each fund should take place prior to the beginning of the audit, to ensure generally accepted accounting principles have been followed for each fund type, especially for transaction types infrequent in occurrence.

Views of Responsible Officials: Management agrees with the finding and recommendation.

Oelrichs School District No. 23-3
Schedule of Prior Audit Findings
Year Ended June 30, 2023

Finding 2022-01

Material Weakness

Internal Control over Year-End Closing Process Including Preparation of the Financial Statements

Criteria: The School District's internal control structure should be designed to provide for the preparation of the financial statements and footnotes in accordance with generally accepted accounting principles.

Condition: Oelrichs School District 23-3 requested the external auditors to assist in the preparation of the financial statements and related footnotes for the year ended June 30, 2022.

Cause: The limited size of the School District's staff and resources cause the inability to prepare the financial statements, footnotes, and the schedule of federal awards.

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

Repeat Finding from Prior Years: Yes

Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Also, a thorough review of the transactions in each fund should take place prior to the beginning of the audit, to ensure generally accepted accounting principles have been followed for each fund type, especially for transaction types infrequent in occurrence.

Views of Responsible Officials: Management agrees with the finding and recommendation.

Section III – Federal Awards Findings and Questioned Costs

There are no findings or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.156 (a).

Oelrichs School

Mitchell Stone
Superintendent

Darla Peterson
Principal

Valerie Sword
Business Manager

214 West 7th Street PO Box 65, Oelrichs, SD 57763 District 23-3
605.535.2631 (Phone) 605.535.2046 (Fax)

Corrective Action Plan (Unaudited)

Oelrichs School District respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

ELO Prof LLC
PO Box 249
Mitchell, SD 57301

Finding No. 2023-01

Material Weakness

Internal Control over Year-End Closing Process Including Preparation of the Financial Statements

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: ELO Prof LLC prepared our draft financial statements and notes to the financial statements.

Responsible Individual: Valerie Sword, Business Manager

Corrective Action Plan: It is not cost effective to have an internal control system designed to provide for the preparation of the financial statements and notes to the financial statements. We requested that our auditors, ELO Prof LLC, prepare the financial statements and notes to the financial statements as a part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes.

Anticipated Completion Date: Ongoing

If there are any questions regarding this plan, please contact Valerie Sword at (605) 535-2361.

Sincerely,

Dr. Mitchell Stone, Superintendent
Oelrichs School District No. 23-3

“Oelrichs School District is committed to provide a positive place for our students to grow and learn life skills to allow them to succeed.”

THAT’S THE TIGER WAY



Independent Auditor's Report

Board of Directors
Oelrichs School District No. 23-3
Oelrichs, South Dakota

Report on the Audit of the Financial Statements Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oelrichs School District No. 23-3 (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oelrichs School District No. 23-3, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oelrichs School District No. 23-3 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) (SDRS), Schedule of District's Contributions (SDRS), and analysis and budgetary comparison information on pages 49 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2024, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.



Chamberlain, South Dakota
March 9, 2024

Oelrichs School District No. 23-3
Statement of Net Position – Government-Wide
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 2,702,037	\$ 16,365	\$ 2,718,402
Investments	3,764,124	--	3,764,124
Taxes receivable	233,796	--	233,796
Inventories	--	2,286	2,286
Other assets	540,079	--	540,079
Net pension asset	4,679	194	4,873
Capital assets:			
Land, improvements, and construction in progress	123,500	--	123,500
Other capital assets, net of depreciation	5,148,194	221,037	5,369,231
Total capital assets, net of depreciation	5,271,694	221,037	5,492,731
Total Assets	12,516,409	239,882	12,756,291
Deferred Outflows of Resources:			
Pension related deferred outflows	461,252	19,219	480,471
Liabilities:			
Accounts payable	48,370	509	48,879
Deferred Inflows of Resources:			
Taxes levied for future periods	226,954	8,165	235,119
Pension related deferred inflows	283,043	11,793	294,836
Total Deferred Inflows of Resources	509,997	19,958	529,955
Net Position:			
Net investment in capital assets	5,271,694	221,037	5,492,731
Restricted for:			
Capital outlay purposes	446,556	--	446,556
Special education purposes	124,786	--	124,786
SDRS pension purposes	182,889	7,620	190,509
Unrestricted	6,393,369	9,977	6,403,346
Total Net Position	\$ 12,419,294	\$ 238,634	\$ 12,657,928

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3
Statement of Activities – Government-Wide
June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:						
Instruction	\$ 1,401,616	\$ --	\$ 684,220	\$ (717,396)	\$ --	\$ (717,396)
Support services	1,406,221	--	--	(1,406,221)	--	(1,406,221)
Cocurricular activities	95,132	1,868	--	(93,264)	--	(93,264)
Total Governmental Activities	<u>2,902,969</u>	<u>1,868</u>	<u>684,220</u>	<u>(2,216,881)</u>	<u>--</u>	<u>(2,216,881)</u>
Business-Type Activities:						
Food service	158,568	12,000	116,325	--	(30,243)	(30,243)
Total Primary Government	<u>\$ 3,061,537</u>	<u>\$ 13,868</u>	<u>\$ 800,545</u>	<u>(2,216,881)</u>	<u>(30,243)</u>	<u>(2,247,124)</u>
General Revenues						
Taxes:						
				502,502	--	502,502
				19,018	--	19,018
Revenue from State Sources:						
				888,088	--	888,088
				1,158	--	1,158
				2,418,494	--	2,418,494
				56,925	--	56,925
				12,514	--	12,514
				(7,000)	7,000	--
				<u>3,891,699</u>	<u>7,000</u>	<u>3,898,699</u>
				1,674,818	(23,243)	1,651,575
				<u>10,847,477</u>	<u>261,877</u>	<u>11,109,354</u>
				<u>(103,001)</u>	<u>--</u>	<u>(103,001)</u>
				<u>10,744,476</u>	<u>261,877</u>	<u>11,006,353</u>
				<u>\$ 12,419,294</u>	<u>\$ 238,634</u>	<u>\$ 12,657,928</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3
Balance Sheet – Governmental Funds
June 30, 2023

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 2,292,093	\$ 313,116	\$ 96,828	\$ 2,702,037
Investments	3,764,124	--	--	3,764,124
Capital credits receivable	93,969	--	--	93,969
Taxes receivable, current	76,794	91,849	58,311	226,954
Taxes receivable, delinquent	3,144	2,209	1,489	6,842
Due from other governments	259,015	157,937	29,158	446,110
Total Assets	<u>\$ 6,489,139</u>	<u>\$ 565,111</u>	<u>\$ 185,786</u>	<u>\$ 7,240,036</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	<u>\$ 22,673</u>	<u>\$ 24,497</u>	<u>\$ 1,200</u>	<u>\$ 48,370</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	3,144	2,209	1,489	6,842
Taxes levied for future period	76,794	91,849	58,311	226,954
Other deferred inflows of resources	93,969	--	--	93,969
Total Deferred Inflows of Resources	<u>173,907</u>	<u>94,058</u>	<u>59,800</u>	<u>327,765</u>
Fund Balances:				
Restricted:				
For capital outlay	--	446,556	--	446,556
For special education	--	--	124,786	124,786
Unassigned	6,292,559	--	--	6,292,559
Total Fund Balances	<u>6,292,559</u>	<u>446,556</u>	<u>124,786</u>	<u>6,863,901</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,489,139</u>	<u>\$ 565,111</u>	<u>\$ 185,786</u>	<u>\$ 7,240,036</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3

Reconciliation of The Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds	\$ 6,863,901
Amounts reported for governmental activities in the statement of net position are different because:	
Pension related deferred outflows are components of pension liability and therefore are not reported in the funds.	4,679
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	5,271,694
Pension related deferred outflows are components of pension asset and changes are not reported in the funds.	461,252
Assets, such as taxes receivable are not available to pay for current period expenditures, are deferred in the governmental funds.	
Taxes Receivable	100,811
Pension related deferred inflows are components of pension liability and therefore are not reported in the funds.	<u>(283,043)</u>
Net Position - Governmental Activities	<u><u>\$ 12,419,294</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2023

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 168,260	\$ 194,630	\$ 127,119	\$ 490,009
Prior years' ad valorem taxes	3,176	1,315	859	5,350
Utility taxes	19,018	--	--	19,018
Penalties and interest on taxes	927	623	409	1,959
Earnings on investments and deposits	56,925	--	--	56,925
Cocurricular Activities:				
Admissions	1,765	--	--	1,765
Other student activity income	103	--	--	103
Other revenue from local sources				
Rentals	1,420	--	--	1,420
Refund of prior years' expenditures	6,926	--	--	6,926
Revenue from Intermediate Sources:				
County apportionment	4,168	--	--	4,168
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	886,984	--	1,104	888,088
Other state revenue	1,158	--	--	1,158
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	2,389,855	12,318	16,321	2,418,494
Restricted grants-in-aid	391,354	264,865	28,001	684,220
Total Revenues	<u>\$ 3,932,039</u>	<u>\$ 473,751</u>	<u>\$ 173,813</u>	<u>\$ 4,579,603</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2023 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Expenditures				
Instruction:				
Regular Programs:				
Elementary	\$ 305,630	\$ 2,203	\$ --	\$ 307,833
Middle/junior high	198,101	--	--	198,101
High school	485,163	12,147	--	497,310
Special Programs:				
Programs for special education	--	--	139,945	139,945
Culturally different	28,601	--	--	28,601
Educationally deprived	109,718	--	--	109,718
Support Services:				
Students:				
Attendance and social work	1,409	--	--	1,409
Guidance	2,743	--	--	2,743
Health	701	--	--	701
Psychological	--	--	4,929	4,929
Speech pathology	--	--	33,484	33,484
Student therapy services	--	--	6,840	6,840
Instructional Staff:				
Improvement of instruction	63,243	--	--	63,243
Educational media	108,646	--	--	108,646
General Administration:				
Board of education	63,542	--	--	63,542
Executive administration	108,236	--	--	108,236
School Administration:				
Office of the principal	129,642	--	--	129,642
Title I program administration	2,120	--	--	2,120
Business:				
Fiscal services	118,939	--	--	118,939
Facilities acquisition and construction	--	182,327	--	182,327
Operation and maintenance of plant	385,587	144,250	--	529,837
Student transportation	117,716	--	--	117,716
Internal services	--	8,520	--	8,520
Food services	13,635	12,049	--	25,684
Central:				
Staff	476	--	--	476
Cocurricular Activities:				
Male activities	25,994	1,984	--	27,978
Female activities	28,703	3,579	--	32,282
Transportation	5,403	--	--	5,403
Combined activities	21,726	--	--	21,726
Capital Outlay	--	160,820	--	160,820
Total Expenditures	<u>2,325,674</u>	<u>527,879</u>	<u>185,198</u>	<u>3,038,751</u>
Excess of Revenue Over (Under) Expenditures	1,606,365	(54,128)	(11,385)	1,540,852

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2023 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses):				
Transfer out	(7,000)	--	--	(7,000)
Sale of surplus property	--	6,210	--	6,210
Total Other Financing Sources (Uses)	<u>(7,000)</u>	<u>6,210</u>	<u>--</u>	<u>(790)</u>
Net Change in Fund Balances	1,599,365	(47,918)	(11,385)	1,540,062
Fund Balance, Beginning of Year	<u>4,693,194</u>	<u>494,474</u>	<u>136,171</u>	<u>5,323,839</u>
Fund Balance, End of Year	<u><u>\$ 6,292,559</u></u>	<u><u>\$ 446,556</u></u>	<u><u>\$ 124,786</u></u>	<u><u>\$ 6,863,901</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances to the Statement of Activities
 June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 1,540,062

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

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements. 324,753

This amount represents the current year depreciation expense reported in the statement of activities is which is not reported on the fund financials statements because it does not require the use of current financial resources. (226,967)

In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (6,500)

In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria". 11,684

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental fund. 31,786

Change in net position of governmental activities \$ 1,674,818

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3
Statement of Net Position – Proprietary Funds
June 30, 2023

	Enterprise Fund
	Food Service Fund
Assets:	
Current Assets	
Cash and cash equivalents	\$ 16,365
Inventory	2,286
Total Current Assets	18,651
Noncurrent Assets	
Machinery and equipment - local funds	290,983
Less accumulated depreciation	(69,946)
Net pension asset	194
Total Noncurrent Assets	221,231
Total Assets	239,882
Deferred Outflow of Resources	
Pension-related deferred outflows of resources	19,219
Liabilities:	
Current Liabilities	
Accounts payable	509
Unearned revenue	8,165
Total Liabilities	8,674
Deferred Inflow of Resources	
Pension-related deferred inflows of resources	11,793
Net Position:	
Net investment in capital assets	221,037
SDRS pension purposes	7,620
Unrestricted	9,977
Total Net Position	\$ 238,634

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2023

	Enterprise Fund
	Food Service Fund
Operating Revenue:	
Food Sales:	
Adult	\$ 8,846
Pupil	226
Other charges for goods and services	2,928
Total Operating Revenue	12,000
 Operating Expenses:	
Salaries	71,145
Supplies	3,176
Cost of sales -purchases	53,471
Depreciation	26,480
Other	4,296
Total Operating Expenses	158,568
 Operating (Loss)	 (146,568)
 Nonoperating Revenue:	
Other local revenue	
Donations	1,000
State grants	171
Federal Sources	
Cash reimbursements	91,903
Capital contributions	13,000
Donated food	10,251
Total Nonoperating Revenue	116,325
 Income Before Contributions, Special Items, and Transfers	 (30,243)
 Other Financing Sources:	
Transfers In	7,000
Total Other Financing Sources	7,000
 Change in Net Position	 (23,243)
 Net Position - Beginning of Year	 261,877
Net Position - End of Year	\$ 238,634

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3
Statement of Cash Flows – Proprietary Funds
June 30, 2023

	Enterprise Fund
	Food Service
	Fund
Cash Flow from Operating Activities	
Cash receipts from customers	\$ 24,312
Cash payments to suppliers	(51,972)
Cash payments to employees	(72,471)
Net Cash (Used) by Operating Activities	(100,131)
 Cash Flows from Noncapital Financing Activities	
Operating grants	93,074
Transfers from other funds	7,000
Net Cash Flows from Noncapital Financing Activities	100,074
Net (Decrease) in Cash and Cash Equivalents	(57)
Cash and Cash Equivalents, Beginning of Year	16,422
Cash and Cash Equivalents, End of Year	\$ 16,365
 Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	\$ (146,568)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation expense	26,480
Value of donated commodities used	10,251
Pension related deferred inflows and outflows	(1,326)
(Increase) Decrease in Assets:	
Receivables	10,194
Inventory	(1,700)
Increase (Decrease) in Liabilities:	
Accounts payable	420
Unearned revenue	2,118
Net Cash (Used) by Operating Activities	\$ (100,131)
 Noncash Investing, Capital, and Finance Activities	
Value of commodities received	\$ 10,251

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3
Statement of Net Position – Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	<u>\$ 16,848</u>
 Total Assets	 <u><u>\$ 16,848</u></u>
 Net Position:	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 16,848</u>
 Total Net Position	 <u><u>\$ 16,848</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3

Statement of Revenues, Expenses, and Changes in Net Position – Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
Additions:	
Collections for student activities	<u>\$ 9,341</u>
Total Additions	<u>9,341</u>
Deductions:	
Payments for student activities	<u>9,370</u>
Total Deductions	<u>9,370</u>
Change in Net Position	(29)
Net Position - Beginning	<u>16,877</u>
Net Position - Ending	<u><u>\$ 16,848</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies:

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

a. Financial Reporting Entity:

The reporting entity of Oelrichs School District No. 23-3 (School District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The School District is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a five-member Board of Trustees (the Board) elected by registered voters of the School District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

The School District participates in a cooperative service unit with several other School Districts. See Note 10 – Joint Venture 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 the notes because of the nature of their relationship with the School District.

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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

Proprietary Funds:

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

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

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

Fiduciary Funds:

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

Custodial Fund Types – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, or private-purpose trust funds. The district maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and so on.

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental 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 considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

e. Deposits:

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

f. Capital Assets:

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

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

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

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

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

Depreciation/amortization of all exhaustible fixed assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund’s Statement of Net Position.

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	All Land	N/A	N/A
Buildings	\$ 50,000	Straight-line	33-50 years
Improvements, other than buildings	15,000	Straight-line	10-25 years
Infrastructure	15,000	Straight-line	5-25 years
Machinery and equipment (governmental funds)	5,000	Straight-line	5-12 years
Machinery and equipment (proprietary funds)	2,500	Straight-line	5-12 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. At fiscal year end the District did not have any long-term liabilities.

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

h. Leases:

Lessee:

The School District is not currently a lessee for any noncancellable. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

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

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Lessor:

The School District is currently not a lessor for any noncancellable leases. At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The School District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

i. Subscription-Based Information Technology Arrangements:

The School District has not entered into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. The School District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$45,000 or more.

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

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

- The School District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

j. Program Revenues:

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

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

k. Deferred Outflows/Inflows of Resources:

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

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

l. Proprietary Funds Revenue and Expense Classifications:

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

m. Cash and Cash Equivalents:

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

n. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

o. Application of Net Position:

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

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

p. Fund Balance Classification Policy 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 by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board or management.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

q. Pensions:

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

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2023

2. Deposits and Investments:

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

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

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

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

Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured, or collateralized and are considered deposits.

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

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2023, the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralize by pledged securities.

Concentrations of Credit Risk – The District places no limit on the amount that may be deposited with any one financial institution or invested with any one issuer.

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

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2023

2. Deposits and Investments: (Continued)

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

3. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Appropriate allowances for estimated uncollectible have been established. The School District aggregates receivables and payables in the financial statements.

4. Inventory:

Inventory held for consumption is stated at cost.

Inventory for Resale is stated at the lower of cost or market. The cost valuation method is actual cost. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the government-wide financial statements, and in the enterprise fund financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed. Oelrichs School District No. 23-3

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased (consumed). 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.

5. Property Tax:

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

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2023

5. Property Tax: (Continued)

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

The School District is permitted by state statute to levy the specified amounts of taxes per \$1,000 of taxable valuation of the property in the school district. State statute allows the General Fund tax rates to be increased by special election of the voters.

6. Changes in Capital Assets:

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

	<u>Balance</u> <u>07/01/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2023</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 123,500	\$ --	\$ --	\$ 123,500
Total capital assets, not being depreciated	<u>123,500</u>	<u>--</u>	<u>--</u>	<u>123,500</u>
Capital assets being depreciated:				
Improvements	17,775	--	--	17,775
Buildings	4,833,850	163,933	17,560	4,980,223
Machinery and equipment	1,117,174	160,820	98,544	1,179,450
Total capital assets being depreciated	<u>5,968,799</u>	<u>324,753</u>	<u>116,104</u>	<u>6,177,448</u>
Less accumulated depreciation for:				
Improvements	12,478	1,100	--	13,578
Buildings	419,807	118,393	17,560	520,640
Machinery and equipment (a)	479,606	107,474	92,044	495,036
Total accumulated depreciation	<u>911,891</u>	<u>226,967</u>	<u>109,604</u>	<u>1,029,254</u>
Total capital assets being depreciated, net	<u>5,056,908</u>	<u>97,786</u>	<u>6,500</u>	<u>5,148,194</u>
Net Capital Assets	<u>\$ 5,180,408</u>	<u>\$ 97,786</u>	<u>\$ 6,500</u>	<u>\$ 5,271,694</u>

(a) Restated - see note 15

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

6. Changes in Capital Assets: (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 158,104
Support services	61,120
Co-curricular activities	<u>7,743</u>
Total Depreciation Expense	<u><u>\$ 226,967</u></u>

	Balance	Increases	Decreases	Balance
	07/01/2022			06/30/2023
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 278,933	\$ 12,050	\$ --	\$ 290,983
Less accumulated depreciation for:				
Machinery and equipment	<u>43,466</u>	<u>26,480</u>	<u>--</u>	<u>69,946</u>
Total capital assets being depreciated, net	<u><u>\$ 235,467</u></u>	<u><u>\$ (14,430)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 221,037</u></u>

All depreciation expense related to the business-type activities was for the Food Service Fund.

7. Long Term Liabilities:

The School District does not have any long-term liabilities June 30, 2023.

8. Leases:

The School District does not have any leases at June 30, 2023.

9. Restricted Net Position:

The following table shows the components of restricted net position as presented on the Statement of Net Position:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 446,556
Special Education	Law	124,786
SDRS Pension	Law	<u>190,509</u>
Total		<u><u>\$ 761,851</u></u>

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

10. Individual Fund Interfund Balances and Transactions:

Transfers to/from other funds June 30, 2023 consist of the following:

Transfer from General Fund to Food	
Service for purchase of greenhouse supplies	<u>\$ 7,000</u>

11. Pension Plan:

a. Plan Information:

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

b. Benefits Provided:

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

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

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

11. Pension Plan: (Continued)

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

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

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

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

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

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2023, 2022, and 2021, were \$76,721, \$73,902, and \$60,334, respectively, equal to the required contributions each year.

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

11. Pension Plan: (Continued)

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

As of June 30, 2022, SDRS is 101.1% funded and accordingly has a net pension (asset). The proportionate shares of the components of the net pension (asset) of the South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2022, and reported by the School District as of June 30, 2023, are as follows:

Proportionate share of pension liability	\$ 7,281,635
Less proportionate share of net pension restricted for pension benefits	<u>7,286,508</u>
Proportionate share of net pension asset	<u><u>\$ (4,873)</u></u>

As of June 30, 2023, the School District reported an (asset) of (\$4,873) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2022, and the total pension liability (asset) 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. For June 30, 2022, the District's proportion was 0.05158200%, which is a decrease of 0.0016148% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense (reduction of pension expense) of (\$30,909). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 92,796	\$ 316
Changes in assumption	309,829	271,524
Net difference between projected and actual earnings on pension plan investments	--	11,682
Changes in proportion and difference between School District contributions and proportionate share of contributions	1,125	11,314
School District contributions subsequent to the measurement date	<u>76,721</u>	<u>--</u>
Total	<u><u>\$ 480,471</u></u>	<u><u>\$ 294,836</u></u>

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2023

11. Pension Plan: (Continued)

\$76,721 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue as follows:

Year Ended	
June 30,	
2022	\$ 29,252
2023	64,766
2024	(80,428)
2025	95,324
Thereafter	--
Total	<u>\$ 108,914</u>

e. Actuarial Assumptions:

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

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

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age65

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

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

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

11. Pension Plan: (Continued)

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.).

The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2021 (see the discussion of the pension plan’s investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	58.0%	3.7%
Total Long-term liabilities	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	100%	

f. Discount Rate:

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

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

11. Pension Plan: (Continued)

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 1,012,212	\$ (4,873)	\$ (836,104)

h. Pension Plan Fiduciary Net Position:

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

i. Payables to the Pension Plan:

No payables were reported to the defined benefit plan at the end of the year.

12. Joint Venture:

The School District participates in the Black Hills Educational Benefits Cooperative (BHEBC); a cooperative service unit formed for the purpose of providing health insurance services to the member school districts. The relative percentage of participation of each member in BHEBC was not deemed to be a measurable matter.

The members of the BHEBC are Black Hills Special Service Cooperative, New Underwood School District, Wall School District, Custer School District, Oelrichs School District, and Belle Fourche School District.

BHEBC’s governing board is composed of two representatives from each member school district. The board is responsible for adopting BHEBC’s budget and setting service fees at a level adequate to fund the adopted budget. Members are not liable for claims in excess of BHEBC’s assets.

The School District participates in the Black Hills Special Services Cooperative (the Co-op), a cooperative service unit formed for the purpose of providing special education and other services to the member school districts. During the year ended June 30, 2023, the district paid \$6,500 for services provided by the Co-op.

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

12. Joint Venture: (Continued)

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

Belle Fourche School District	8.33%	Hot Springs School District	8.33%
Custer School District	8.33%	Lead/Deadwood School District	8.33%
Douglas School District	8.33%	Meade School District	8.33%
Edgemont School District	8.33%	Oelrichs School District	8.33%
Haakon School District	8.33%	Rapid City School District	8.33%
Hill City School District	8.33%	Spearfish School District	8.33%

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

The School District retains no equity in the net position of the Co-op but does have a responsibility to fund deficits of the Co-op in proportion to the relative participation described above. Separate financial statements may be obtained by writing to BHSSC, PO Box 218, Sturgis SD 57785.

As of June 30, 2023, this joint venture had assets of \$10,443,714, deferred inflows of \$1,646,920, liabilities of \$2,254,537, and net position of \$6,542,257 (unaudited).

13. Risk Management:

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

Employee Health Insurance:

As discussed in Note 10, the School District joined together with other educational units in the state to form a public entity risk pool. This is a public entity risk pool currently operating as a common risk management and insurance program for six-member 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 coverage provides a deductible of \$1,500 per person up to \$3,000 per family. The plan also provides for coinsurance of 70 or 80 percent up to \$6,000. The coverage also includes a \$1,000,000 lifetime maximum payment per person.

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 never exceeded the liability coverage.

Liability Insurance:

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2023

13. Risk Management: (Continued)

Liability Insurance:

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

Workers' Compensation:

The School District purchases liability insurance for worker's compensation from a commercial carrier.

Unemployment Benefits:

The School District has elected to be self-insured and retain all risk for liabilities resulting in claims for unemployment benefits. There were no unemployment claims paid during the year ended June 30, 2023. There are no claims anticipated for the year ended June 30, 2023.

14. Subsequent Events:

Management has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

15. Prior Period Adjustment:

A correction of an error in total accumulated depreciation on governmental machinery and equipment resulted in a decrease in net position as of June 30, 2022 of \$103,001.

Required Supplementary Information

Oelrichs School District No. 23-3

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 189,000	\$ 189,000	\$ 168,260	\$ (20,740)
Prior years ad valorem taxes	2,100	2,100	3,176	1,076
Utility taxes	28,000	28,000	19,018	(8,982)
Penalties and interest on taxes	700	700	927	227
Earnings on investments and deposits	--	--	56,925	56,925
Cocurricular Activities:				
Admissions	3,000	3,000	1,765	(1,235)
Other student activity income	50	50	103	53
Other local revenue:				
Rentals	9,400	9,400	1,420	(7,980)
Contributions and donations	120	120	--	(120)
Refund of prior year expenditures	5,000	5,000	6,926	1,926
Other	2,500	2,500	--	(2,500)
Total revenue from local sources	<u>239,870</u>	<u>239,870</u>	<u>258,520</u>	<u>18,650</u>
Revenue from Intermediate Sources:				
County Sources	<u>4,000</u>	<u>4,000</u>	<u>4,168</u>	<u>168</u>
Total revenue from intermediate sources	<u>4,000</u>	<u>4,000</u>	<u>4,168</u>	<u>168</u>
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,016,982	1,016,982	886,984	(129,998)
Other state revenue	<u>735</u>	<u>735</u>	<u>1,158</u>	<u>423</u>
Total revenue from state sources	<u>1,017,717</u>	<u>1,017,717</u>	<u>888,142</u>	<u>(129,575)</u>
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	31,500	31,500	2,389,855	2,358,355
Restricted grants-in-aid	562,521	562,521	391,354	(171,167)
Revenue in Lieu of Taxes	<u>20,000</u>	<u>20,000</u>	<u>--</u>	<u>(20,000)</u>
Total revenue from federal sources	<u>614,021</u>	<u>614,021</u>	<u>2,781,209</u>	<u>2,167,188</u>
Total Revenues	<u>\$ 1,875,608</u>	<u>\$ 1,875,608</u>	<u>\$ 3,932,039</u>	<u>\$ 2,056,431</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Oelrichs School District No. 23-3

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2023 (Continued)

Expenditures	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Instructional Services:				
Regular Programs:				
Elementary	\$ 368,107	\$ 368,107	\$ 305,630	\$ 62,477
Middle/junior high	292,478	292,478	198,101	94,377
High school	578,902	578,902	485,163	93,739
Special Programs:				
Culturally different	28,601	28,601	28,601	--
Educationally deprived	131,689	131,689	109,718	21,971
Total instructional services	1,399,777	1,399,777	1,127,213	272,564
Support Services:				
Students:				
Attendance and social work	3,400	3,400	1,409	1,991
Guidance	5,735	5,735	2,743	2,992
Health	1,400	1,400	701	699
Instructional Staff:				
Improvement of instruction	77,265	77,265	63,243	14,022
Educational media	203,966	203,966	108,646	95,320
General Administration:				
Board of education	106,216	106,216	63,542	42,674
Executive administration	118,795	118,795	108,236	10,559
School Administration:				
Office of the principal	150,963	150,963	129,642	21,321
Title I program administration	3,500	3,500	2,120	1,380
Business:				
Fiscal services	156,912	156,912	118,939	37,973
Operation and maintenance of plant	386,739	386,739	385,587	1,152
Pupil transportation	139,526	139,526	117,716	21,810
Food services	13,850	13,850	13,635	215
Central:				
Staff services	600	600	476	124
Total support services	1,368,867	1,368,867	1,116,635	252,232
Cocurricular Activities:				
Male activities	37,352	37,352	25,994	11,358
Female activities	39,242	39,242	28,703	10,539
Combined activities	25,885	25,885	21,726	4,159
Transportation	5,420	5,420	5,403	17
Total cocurricular activities	107,899	107,899	81,826	26,073
Total Expenditures	2,876,543	2,876,543	2,325,674	550,869
Excess of Revenue Over (Under) Expenditures	(1,000,935)	(1,000,935)	1,606,365	2,607,300
Other Financing Sources (Uses)				
Transfers (In)	1,000,620	1,000,620	(7,000)	(1,007,620)
Sale of surplus property	315	315	--	(315)
Total Other Financing Sources (Uses):	1,000,935	1,000,935	(7,000)	(1,007,935)
Net Change in Fund Balances	--	--	1,599,365	1,599,365
Fund Balance, Beginning of Year	4,693,194	4,693,194	4,693,194	--
Fund Balance, End of Year	\$ 4,693,194	\$ 4,693,194	\$ 6,292,559	\$ 1,599,365

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Oelrichs School District No. 23-3

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 188,000	\$ 188,000	\$ 194,630	\$ 6,630
Prior year ad valorem taxes	1,200	1,200	1,315	115
Penalties and interest on taxes	750	750	623	(127)
Other	63,750	63,750	--	(63,750)
Revenue from Federal Sources:				
Unrestricted grants-in-aid	14,000	14,000	12,318	(1,682)
Restricted grants-in-aid	732,792	732,792	264,865	(467,927)
Total Revenues	<u>1,000,492</u>	<u>1,000,492</u>	<u>473,751</u>	<u>(526,741)</u>
Expenditures				
Instructional Services:				
Elementary	3,500	3,500	2,203	1,297
Middle school	11,000	11,000	--	11,000
High school	34,691	34,691	12,147	22,544
Support Services:				
Instructional staff:				
Fiscal services	5,500	5,500	--	5,500
Educational media	25,000	25,000	--	25,000
Facilities acquisition and construction	229,200	229,200	182,327	46,873
Operation and maintenance of plant	676,531	676,531	144,250	532,281
Student transportation services	160,820	160,820	160,820	--
Food Services	12,050	12,050	12,049	1
Internal services	9,200	9,200	8,520	680
General Administration:				
Executive administration	3,000	3,000	--	3,000
Cocurricular Activities:				
Male activities	2,000	2,000	1,984	16
Female activities	4,000	4,000	3,579	421
Combined activities	800	800	--	800
Total Expenditures	<u>1,177,292</u>	<u>1,177,292</u>	<u>527,879</u>	<u>649,413</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(176,800)</u>	<u>(176,800)</u>	<u>(54,128)</u>	<u>122,672</u>
Other Financing Sources (Uses)				
Transfer in	174,000	174,000	--	(174,000)
Compensation for loss of general capital assets	2,500	2,500	--	(2,500)
Sale of Surplus Property	300	300	6,210	5,910
Total Other Financing Sources (Uses)	<u>176,800</u>	<u>176,800</u>	<u>6,210</u>	<u>(170,590)</u>
Net Change in Fund Balances	--	--	(47,918)	(47,918)
Fund Balance, Beginning of Year	<u>494,474</u>	<u>494,474</u>	<u>494,474</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 494,474</u>	<u>\$ 494,474</u>	<u>\$ 446,556</u>	<u>\$ (47,918)</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Oelrichs School District No. 23-3
 Required Supplementary Information –
 Budgetary Comparison Schedule – Special Education Fund – Budgetary Basis
 June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 128,000	\$ 128,000	\$ 127,119	\$ (881)
Prior years' ad valorem taxes	1,200	1,200	859	(341)
Penalties and interest on taxes	450	450	409	(41)
Revenue from State Sources:				
Restricted grants-in-aid	25,000	25,000	1,104	(23,896)
Revenue from Federal Sources:				
Unrestricted grants-in-aid	23,000	23,000	16,321	(6,679)
Restricted grants-in-aid	29,285	29,285	28,001	(1,284)
Total Revenues	<u>206,935</u>	<u>206,935</u>	<u>173,813</u>	<u>(33,122)</u>
<u>Expenditures</u>				
Instructional Services:				
Programs for special education	158,726	158,726	139,945	18,781
Support Services:				
Psychological	9,000	9,000	4,929	4,071
Speech pathology	35,500	35,500	33,484	2,016
Student therapy services	18,000	18,000	6,840	11,160
Student transportation services	1,500	1,500	--	1,500
Total Expenditures	<u>222,726</u>	<u>222,726</u>	<u>185,198</u>	<u>37,528</u>
Excess of Revenues Over (Under) Expenditures	<u>(15,791)</u>	<u>(15,791)</u>	<u>(11,385)</u>	<u>4,406</u>
Net Change in Fund Balance	(15,791)	(15,791)	(11,385)	4,406
Fund Balance, Beginning of Year	<u>136,171</u>	<u>136,171</u>	<u>136,171</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 120,380</u>	<u>\$ 120,380</u>	<u>\$ 124,786</u>	<u>\$ 4,406</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Oelrichs School District No. 23-3
Notes to the Required Supplementary Information
June 30, 2023

Note 1 – Basis of Presentation:

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds present capital outlay expenditures as a separate function.

Note 2 – Budgets and Budgetary Accounting:

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

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

Oelrichs School District No. 23-3
Schedule of The Proportionate Share of the Net Pension Liability (Asset)
South Dakota Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.05158200%	0.04431100%	0.05319680%	0.05258410%	0.05306100%	0.04722430%	0.07222900%	0.0669089%	0.0550174%
District's proportionate share of net pension liability (asset)	\$ (4,873)	\$ 339,346	\$ (2,310)	\$ (5,572)	\$ (1,243)	\$ (4,286)	\$ 243,982	\$ (283,780)	\$ (396,378)
District's covered-employee payroll	\$ 1,231,688	\$ 1,005,575	\$ 1,167,512	\$ 1,118,046	\$ 1,108,683	\$ 961,453	\$ 1,279,573	\$ 1,344,535	\$ 963,121
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(0.40%)	33.75%	(0.20%)	(0.50%)	(0.11%)	(0.45%)	19.07%	(21.11%)	(41.16%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

**The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is June 30 of the previous fiscal year.

Oelrichs School District No. 23-3
Schedule of the School District Contributions
South Dakota Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 76,721	\$ 73,902	\$ 60,334	\$ 70,051	\$ 67,083	\$ 65,803	\$ 57,687	\$ 79,500	\$ 80,894
Contributions in relation to the contractually-required contribution	<u>76,721</u>	<u>73,902</u>	<u>60,334</u>	<u>70,051</u>	<u>67,083</u>	<u>65,803</u>	<u>57,687</u>	<u>79,500</u>	<u>80,894</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 1,278,682	\$ 1,231,688	\$ 1,005,575	\$ 1,167,512	\$ 1,118,046	\$ 1,108,683	\$ 961,453	\$ 1,279,573	\$ 1,344,535
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	5.94%	6.00%	6.21%	6.02%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

Oelrichs School District No. 23-3
Notes to Required Supplementary Information
for the Year Ended June 30, 2023

Changes from Prior Valuation

The June 30, 2022 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2021 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

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

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

Oelrichs School District No. 23-3
Notes to Required Supplementary Information
for the Year Ended June 30, 2023 (Continued)

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

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Actuarial Method Changes

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

(NOTE: As required by paragraph 82 of Statement 68, information about factors that significantly affect trends in the amounts report in the schedules (required by paragraph 81)(for example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions) should be presented as notes to the schedules.

(NOTE: The amounts presented for prior years should not be restated for the effects of changes—for example, changes of benefit terms or changes of assumption—that occurred subsequent to the measurement date of that information)

Supplementary Information

Oelrichs School District No. 23-3
Schedule of Expenditures of Federal Awards
June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
Child Nutrition Cluster:			
US Department of Agriculture:			
Pass through the SD Department of Education:			
Non Cash Assistance (Commodities):			
National School Lunch Program	10.555	NSLP-17-139	10,251
Cash Assistance:			
School Breakfast Program (Note 4)	10.553		24,908
National School Lunch Program (Note 4)	10.555	NSLP-17-139	10,932
Supply Chain Assistance	10.555		56,063
Fresh Fruit and Vegetable Program	10.582		2,834
Total Child Nutrition Cluster			<u>104,988</u>
Pass through the S.D. Department of Education:			
Farm to School Grant Program	10.575		3,000
Pass through Fall River County:			
Schools and Roads - Grants to Counties (Note 4)	10.666		1,799
Total USDepartment of Agriculture			<u>109,787</u>
US Department of the Interior:			
Pass through the SD Department of Education:			
Mineral Leasing (Note 4)	15.227		21,841
Total US Department of the Interior			<u>21,841</u>
US Department of Education:			
Pass through the SD Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A170041	108,890
Title II Part A REAP	84.367		3,821
School Improvement Grants	84.377		34,644
Title IV Transfer	84.424		18,841
Elementary and Secondary School Emergency Relief Fund	84.425D		165,451
American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U		262,363
Total Pass through SD Department of Education			<u>594,010</u>
Special Education Cluster:			
Pass through the SD Department of Education:			
Special Education Grants to States	84.027		28,001
Total Special Education Cluster			<u>28,001</u>
Direct Programs			
Impact Aid (Title VIII of ESEA)	84.041		1,036,259
Title VII - Indian Education	84.060		28,601
Rural Education Achievement (REAP)	84.358		10,999
Total Direct Programs			<u>1,075,859</u>
Total U.S. Department of Education			<u>1,697,870</u>
U.S. Department of Homeland Security:			
Homeland Security Grant Program	97.067		16,777
Total U.S. Department of Homeland Security			<u>16,777</u>
Grand Total			<u>\$ 1,846,275</u>

Oelrichs School District No. 23-3
Schedule of Expenditures of Federal Awards
June 30, 2023 (Continued)

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Oelrichs School District No. 23-3 under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate:

Oelrichs School District No. 23-3 does not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Federal Reimbursements:

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.