

TOWN OF OELRICHS
OELRICHS, SOUTH DAKOTA
FINANCIAL REPORT
FOR THE TWO YEARS ENDING DECEMBER 31, 2023
WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

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

TOWN OF OELRICHS
OELRICHS, SOUTH DAKOTA

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FOR THE TWO YEARS ENDING DECEMBER 31, 2023

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

INDEPENDENT AUDIT SERVICES, PC

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Madison, South Dakota 57042
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Governing Board
Town of Oelrichs
Oelrichs, South Dakota

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Financial Statement Audit:

I have audited the accompanying cash basis of accounting financial statements of governmental activities, business-type activities and each major fund of the Town of Oelrichs (Town), Fall River County, South Dakota as of December 31, 2023, and for each of the years in the biennial period then ended, and the related notes to the financial statements. These financial statements collectively comprise the Town's basic cash basis financial statements as listed in the table of contents.

Opinions:

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, and each major fund of the Town of Oelrichs, Fall River County, South Dakota as of December 31, 2023, and the respective changes in its financial position for each of the years in the biennial period then ended in accordance with the cash basis of accounting.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standard applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Oelrichs, Fall River County, South Dakota and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, 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 misstatements, 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 Town of Oelrichs' 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 Responsibility for the Audit of the Financial Statements:

My 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 my 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 will 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 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 GAAS and *Government Auditing Standards*, I:

- > 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 Town of Oelrichs' 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Oelrichs' ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Other Matters - Basis of Accounting:

I draw attention to note 1c of these financial statements, which describes the basis of accounting. These financial statements are prepared on the cash basis of accounting, based only on actual bank statement activity, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Supplementary Information (no opinion):

The schedule of changes in long-term liabilities (page 19) and the Budgetary Comparison Schedules (page 20 to 22) are presented for the purpose of additional analysis and are not a required part of the cash basis of accounting financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is allowed by the Government Accounting Standards Board who consider it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to this supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I

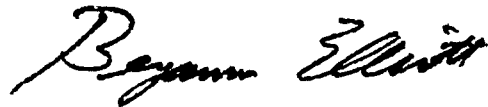
obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards:

In accordance with *Government Auditing Standards*, I have also issued my report dated January 9, 2025 (page 23) on my consideration of Town Oelrichs' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my 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 Town of Oelrichs' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oelrichs's internal control over financial reporting and compliance.

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

January 9, 2025



CITY OF OELRICHS

STATEMENT OF NET POSITION
 CASH BASIS
 AS OF DECEMBER 31, 2023

	Primary Government		
	Governmental	Business-	
	Activities	Type	Total
	Activities	Activities	Total
ASSETS:			
Checking	139,140	50,443	189,583
Savings - operations	2,722		2,722
Savings - maintenance	21,613		21,613
Savings - water tower		30,172	30,172
Savings - USDA loan		9,467	9,467
Savings - deposits		5,439	5,439
Total assets	163,475	95,521	258,996
NET POSITION:			
Restricted for:			
Water tower		30,172	30,172
USDA loan		9,467	9,467
Deposits		5,439	5,439
Unrestricted	163,475	50,443	213,918
Total net position	163,475	95,521	258,996

See accompanying notes.

CITY OF OELRICHS
STATEMENT OF ACTIVITIES
CASH BASIS
FOR THE YEAR ENDING DECEMBER 31, 2023

Functions/Programs:	Program Receipts				Net Receipts (Disbursements) and Changes in Net Position		
	Disbursements	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government:							
Governmental activities:							
General government	28,591	1,350			-27,241		-27,241
Public safety	0				0		0
Public works	33,232				-33,232		-33,232
Health and welfare	0				0		0
Culture and recreation	0				0		0
Miscellaneous	3,761				-3,761		-3,761
Total governmental activities	65,584	1,350	0	0	-64,234	0	-64,234
Business-type activities:							
Water	69,906	57,732				-12,174	-12,174
Total business-type activities	69,906	57,732	0	0	0	-12,174	-12,174
Total primary government	135,490	59,082	0	0	-64,234	-12,174	-76,408
General receipts:							
Taxes:							
Property taxes					22,968		22,968
Sales taxes					50,660		50,660
State shared receipts					6,879		6,879
County shared receipts					0		0
Interest and dividends received					321	42	363
Rents and franchise fees					1,370		1,370
Miscellaneous receipts					1,808		1,808
Transfers					0		0
Total general receipts and transfers					84,006	42	84,048
Change in net position					19,772	-12,132	7,640
Net position:							
January 1, 2023					143,703	107,653	251,356
December 31, 2023					163,475	95,521	258,996

See accompanying notes.

CITY OF OELRICHS
STATEMENT OF ACTIVITIES
CASH BASIS
FOR THE YEAR ENDING DECEMBER 31, 2022

Functions/Programs:	Program Receipts				Net Receipts (Disbursements) and Changes in Net Position		
	Disbursements	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government:							
Governmental activities:							
General government	22,636	1,350			-21,286		-21,286
Public safety	0				0		0
Public works	30,139				-30,139		-30,139
Health and welfare	0				0		0
Culture and recreation	0				0		0
Miscellaneous	4,146				-4,146		-4,146
Total governmental activities	56,921	1,350	0	0	-55,571	0	-55,571
Business-type activities:							
Water	52,705	52,071				-634	-634
Total business-type activities	52,705	52,071	0	0	0	-634	-634
Total primary government	109,626	53,421	0	0	-55,571	-634	-56,205
General receipts:							
Taxes:							
Property taxes					26,962		26,962
Sales taxes					102,738		102,738
State shared receipts					9,151		9,151
County shared receipts					73		73
Interest and dividends received					23	17	40
Rents and franchise fees					2,075		2,075
Miscellaneous receipts					239		239
Transfers					-20	20	0
Total general receipts and transfers					141,241	37	141,278
Change in net position					85,670	-597	85,073
Net position:							
January 1, 2022					58,033	108,250	166,283
December 31, 2022					143,703	107,653	251,356

See accompanying notes.

CITY OF OELRICHS

BALANCE SHEET - CASH BASIS
ALL GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2023

	General Fund (1)

ASSETS:	
Checking	139,140
Savings - operations	2,722
Savings - maintenance	21,613

Total assets	163,475
	=====
FUND BALANCE:	
Nonspendable	
Restricted	0
Committed	0
Assigned	24,335
Unassigned	139,140

Total fund balances	163,475**
	=====

** Equals net position on
statement of net position

(1) Only governmental fund.

See accompanying notes.

CITY OF OELRICHS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCES - CASH BASIS -- ALL GOVERNMENTAL FUNDS
FOR THE TWO YEARS ENDING DECEMBER 31, 2023

	General Fund 12-31-2023	General Fund 12-31-2022
	-----	-----
Receipts:		
Local sources:		
Taxes:		
Ad valorem taxes	22,968	26,962
General sales taxes	50,660	102,738
Licenses and permits:	1,350	1,350
Intergovernmental:		
State shared revenue:	6,879	9,151
County shared revenue		73
Miscellaneous:		
Interest received	321	23
Rents	1,370	2,075
Other	1,808	239
	-----	-----
Total receipts	85,356	142,611
	-----	-----
Disbursements:		
Current:		
General government	28,591	22,636
Public works	33,232	30,139
Miscellaneous	3,761	4,146
	-----	-----
Total disbursements	65,584	56,921
	-----	-----
Excess of receipts over (under) disbursements	19,772	85,690
Other financing sources (uses):		
Transfer out		-20
	-----	-----
Net change in fund balance	19,772	85,670 **
Fund balance:		
January 1, 2022		58,033

December 31, 2022	143,703	143,703
	-----	=====
December 31, 2023	163,475	=====
	=====	

** Equals change in net position on
Statement of Activities

See accompanying notes.

CITY OF OELRICHS
STATEMENT OF NET POSITION
CASH BASIS
ENTERPRISE FUND
AS OF DECEMBER 31, 2023

	Water Fund -----	
ASSETS		
Checking	50,443	
Savings - water tower	30,172	
Savings - USDA loan	9,467	
Savings - deposits	5,439	

Total assets	95,521	
	=====	
NET POSITION		
Restricted for:		
Water tower	30,172	
USDA loan	9,467	
Deposits	5,439	
Unrestricted	50,443	

Total net position	95,521	
	=====	
	2023	2022
	-----	-----
RECEIPTS		
Operating receipts:		
Charges for goods and service	57,357	52,071
Miscellaneous	375	
	-----	-----
Total operating receipts	57,732	52,071
	-----	-----
DISBURSEMENTS		
Operating disbursements:		
Personal services	10,922	12,373
Other current services	32,630	24,291
Supplies and materials	26,354	16,041
	-----	-----
Total operating disbursements	69,906	52,705
	-----	-----
Excess operating receipts (disbursements)	-12,174	-634
Nonoperating receipts (disbursements):		
Interest received	42	17
Transfer in		20
	-----	-----
Total nonoperating receipts (disbur	42	37
	-----	-----
Excess receipts (disbursements) before other financing sources and (uses):	-12,132	-597
Net position:		
January 1, 2022		108,250

December 31, 2022	107,653	107,653
	-----	=====
December 31, 2023	95,521	
	=====	

See accompanying notes.

TOWN OF OELRICHS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the Town of Oelrichs's (Town) Governing Board.

Governing Board:	Clerk/Finance Officer:
Timi Kae Burdette, President	Ellen White
Joe Messino	Treasurer:
Bill O'Connell	Brea Seger
	Attorney:
	Lance Russell

The Town's financial reporting entity is composed of the following:

Financial Reporting Entity:
Primary Government: - The Town of Oelrichs
Component Unit: - None

To determine the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

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

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

Based on the application of these criteria, the Town of Oelrichs has no component units.

b. Basis of Presentation:

Government-wide Financial Statements:

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

The Statement of Net Position reports all cash assets. Net position is displayed in two components: restricted (distinguishing between major categories of restrictions) and unrestricted.

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

Fund Financial Statements:

The fund financial statements include specific information about individual funds used by the reporting entity. Each fund is considered a separate accounting entity with a separate set of self-balancing accounts that constitutes its cash, net position, receipts and disbursements. Funds are organized into three major categories: governmental, enterprise, and fiduciary (if any). An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the Town or if it meets the following criteria:

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

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

Funds of the Town are described below within their respective fund type:

Governmental Funds

General Fund - A fund established by South Dakota Codified Law (SDCL) 4-11-6 to met all the general operational costs of the Town except those required to be accounted for in another fund. The general fund is always a major fund.

Enterprise Funds:

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

Water Fund - A fund established by SDCL 9-47-1 to provide water to customers within the Town of Oelrichs. This fund is a major fund.

Fiduciary Funds:

Fiduciary funds are never considered to be major funds. The Town had no fiduciary funds in 2022 or 2023.

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 (disbursements) are recognized in the accounts and reported in the financial statements, regardless of the measurement focus. The Town's basis of accounting is the cash basis of accounting, which is a basis of accounting other than US-GAAP. Under US-GAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the cash basis of accounting, transactions are recorded when bank statement cash activity is received or disbursed.

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 within the limitations of the cash basis of accounting as described above.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used, applied within the limitations of the cash basis of accounting.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, business-type, and major fund activities are presented using a cash basis of accounting.

The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from bank statement cash receipts and disbursement transactions. Under the this cash basis of accounting, the statement of net position reports only cash and cash equivalents. Under this cash basis of accounting, transactions are recorded in the accounts when bank statement cash and/or cash equivalents are received or disbursed.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Town applied US-GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting and the fund financial statements for enterprise funds and fiduciary funds (if any) would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

d. Interfund Transactions:

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

e. Program Receipts and General Receipts:

Program Receipts:

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

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

General Receipts:

General receipts include all receipts not specifically earmarked for a specific program. General receipts include all taxes, interest received, unrestricted receipts from federal, state, or county governments, and miscellaneous receipts not related to a program. These receipts are not restricted and can be used on the regular operation of the Town.

f. Enterprise Fund Receipt and Disbursement Classifications:

In both the government-wide statements and fund financial statements, enterprise fund operating receipts, such as charges for water services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, if any, such as grants, operating subsidies, interest received, and transfers in, result from nonexchange transactions.

g. Equity Classifications:

Government-wide financial Statements:

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

1. Restricted Net Position - Consists of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

2. Unrestricted Net Position - All other net position that does not meet the definition of "restricted net position".

Fund Financial Statements:

Governmental fund equity is classified as "Fund Balance", and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Enterprise fund equity is classified as "Net Position", the same as in the government-wide financial statements. Fiduciary fund equity (if any) is reported as restricted net position.

h. Fund Balance Classification Policies and Procedures:

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

- * Nonspendable - includes fund cash balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- * Restricted - includes fund cash 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 cash balance amounts that are constrained for specific purposes that are internally imposed (or modified or rescinded) by the government through formal action at the highest level of decision making authority and does not lapse at year-end.
- * Assigned - includes fund cash balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund cash balance may be assigned by the Board of Trustees or Finance Officer.
- * Unassigned - includes positive fund cash balance within the general fund which has not been classified within the above categories and negative fund balance amounts in other governmental funds.

The Town of Oelrichs' fund balance classifications are:

<u>Fund Balance</u> <u>Classifications</u>	<u>Account</u> <u>or Fund</u>	<u>Authority</u> <u>or Action</u>	<u>Amount</u>
Nonspendable	None		0
Restricted	None		0
Committed	None		0
Assigned	General - maintenance	Finance officer	2,722
Assigned	General - operations	Finance officer	21,613
Unassigned	General		139,140

			163,475

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

The Town does not have a formal minimum fund cash balance policy.

The Town does not have any special revenue funds.

i. Application of Net Position:

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

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

Budget Overdrafts:

The Town is prohibited by statute from spending in excess of appropriated amounts by department within a fund. Reported budget overdrafts are:

2023: General fund/general government	12,517
/miscellaneous	3,761
2022: General fund/general government	6,572
/miscellaneous	4,146

In the future, the Town expects to make contingency transfers or adopt supplemental appropriations to cover expenditures that will exceed their original appropriation. These budget overdrafts are not considered a material or significant finding with respect to these financial statements.

3. DEPOSITS, INVESTMENTS AND RELATED RISKS

Except for restricted cash held by 3rd parties and bank certificates of deposit purchased for an individual fund, the Town follows the practice of aggregating deposits of its various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The Town deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2. Qualified depositories are required by SDCL 4-6A-3 to maintain, at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

Actual bank balances at December 31, 2023 were as follows: Insured \$258,996, Collateralized ** \$0, for a total of \$258,996.

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

The carrying amount of these deposits at December 31, 2023 was \$258,996 held as follows.

Wells Fargo Bank:	Checking	189,583
	Savings	69,413

		258,996
		=====

4. INVESTMENTS AND RISKS

In general, SDCL 4-5-6 permits Town money 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) or (c) in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires 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. The Town has no investments.

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

Custodial Risk (Investments) - The risk that, in the event of a default by the counterparty to a transaction, the Town will not be able to recover the value of an investment or collateral securities held by the counterparty. The Town has no investments and is not subject to this risk.

Custodial Risk (Deposits) - The risk that, in the event of a depository failure, the Town's deposits may not be returned to it. At December 31, 2023, the Town's deposits in financial institutions were not exposed to custodial deposit risks because all deposits are FDIC insured.

Concentration of Credit Risk - the Town places no limit on the amount that may be invested in any one institution. The Town's deposit are held Wells Fargo Bank.

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the general fund or the fund making the deposit or investment. The Town's policy is to credit all income from deposits and investments to the fund holding the deposit or investment.

5. RESTRICTED NET POSITION

Net position restricted for a specific purpose is as follows:

Purpose:	Restricted By:	Governmental	Business-Type
Water tower	Contract	none	30,172
USDA loan	Contract	none	9,467
Customer deposits	Contract	none	5,439

6. INTERFUND TRANSACTIONS

During 2022 the general fund transferred \$20 to the water fund for operations. During 2023 there were no transfers between funds.

7. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is presented as supplementary information on page 19. The Town did not have any short-term or conduit debt in 2022 or 2023.

8. PROPERTY TAX

Taxes are levied on or before October 1, attach as an enforceable lien on property, become due and payable on the following January 1, and are payable in two installment on or before the following April 30 and October 31. The county bills and collects the Town's taxes and remits them to the Town. Because the Town is on the modified cash basis of accounting, all property taxes received in cash are considered revenue for the period in which it was collected.

The Town is permitted by state statute to levy the following amounts of taxes per \$1,000 of taxable valuation of the property in the Town: a) general fund \$27.00; b) bond redemption funds: Amts required by Bond Agreements; c) judgment fund (upon a judgment being made) \$10.00. State statute allows the tax rates to be raised by special election of the voters.

9. INSURANCE

The Town 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 two years ending December 31, 2023 the Town managed its risks as follows:

Employee Health Insurance

None.

Liability Insurance:

The Town joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Town's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the Town. The Town pays a Members' Annual Operating Contribution, to provide liability coverage detailed below, under an occurrence-based policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The Town pays an annual premium to the pool to provide coverage for general liability, auto liability, auto damage, property, and equipment breakdown insurance.

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing member with such a partial refund because the departing member took sole responsibility for all claims and claims expense whether reported or unreported at the time of their departure from SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing member pursuant to the revised IGC. The Town does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The Town joined the South Dakota Municipal League Workers' Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for

that coverage, and to develop a comprehensive loss control program. The Town's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims.

The Town pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

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

Unemployment Benefits:

The Town provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota. No unemployment payments were made during the two years ending December 31, 2023 and none are expected in 2024.

10. LITIGATION

At December 31, 2023 the Town was not a party to litigation. However, as discussed in the risk management note above, the Town has liability coverage for itself and its employees through South Dakota Public Assurance Alliance. Any potential litigation is not expected to have a material effect on the Town's financial statements.

11. TAX ABATEMENTS

As of December 31, 2023 the Town did not provide any tax abatement incentives through agreements that are considered tax abatements in accordance with the provisions of GASB Statement No. 77.

12. OTHER DISCLOSURES AND SUBSEQUENT EVENTS

The Town does not have a rubble site or landfill with any associated closure costs or liabilities.

The Town does not offer any Other Post Employment Benefits.

A conflict of interest was disclosed in the minutes by stating that the Board President did not sign claims for Doug Burdette or Handy Services, LLC.

CITY OF OELRICHS

SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES
FOR THE TWO YEARS ENDING DECEMBER 31, 2023

	Beginning 12-31-21	2022 Additions (Deletions)	2023 Additions (Deletions)	Governmental Funds Ending 12-31-23	Enterprise Funds Ending 12-31-23	Principal Payments Due in 2024
BUSINESS-TYPE						
USDA Loan: (estimated)						
Original amount of \$90,300						
Maturing in 2034						
Interest at 5.08%						
Monthly payments of \$443.38						
Paid by the water fund	49,023	-2,830	-2,974		43,219	3,125
U.S. Bank Loan: (estimated)						
Original amount of \$92,500						
Maturing in 2043						
Interest at 3.15%						
Quarterly payments of \$1,026.66						
Paid by the water fund	64,254	-2,083	-2,148		60,023	2,216
Totals	113,277	-4,913	-5,122		103,242	5,341

SCHEDULE OF PAYMENTS FOR LONG-TERM LIABILITIES
AT DECEMBER 31, 2023

	Total Payment	Principal	Interest	Balance
USDA Loan: (estimated)				
2024	5,321	3,125	2,196	40,094
2025	5,320	3,284	2,036	36,810
2026	5,321	3,451	1,870	33,359
2027	5,320	3,626	1,694	29,733
2028	5,321	3,810	1,511	25,923
2029-2033	26,603	22,158	4,445	3,765
2034	3,956	3,765	191	0
Totals	57,162	43,219	13,943	
U.S. Bank Loan: (estimated)				
2024	4,107	2,216	1,891	57,807
2025	4,107	2,286	1,821	55,521
2026	4,106	2,358	1,748	53,163
2027	4,107	2,432	1,675	50,731
2028	4,107	2,509	1,598	48,222
2029-2033	20,533	13,779	6,754	34,443
2034-2038	20,533	16,090	4,443	18,353
2039-2043	20,096	18,353	1,743	0
Totals	81,696	60,023	21,673	

CITY OF OELRICHS

SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING DECEMBER 31, 2023

GENERAL FUND	Budgeted Amounts			Actual (Cash Basis)	Variance Positive (Negative)	
	Original	Contingency Transfers	Supplemental:			Final
Receipts:						
Receipts from local sources:						
Taxes:						
Ad valorem taxes	24,212			24,212	22,968	-1,244
Amusement tax	348			348		-348
General sales and use taxes	50,000			50,000	50,660	660
Licenses and permits:	1,350			1,350	1,350	0
Intergovernmental receipts:						
State shared receipts:	9,945			9,945	6,879	-3,066
County shared receipts:				0		0
Miscellaneous receipts:				0		0
Interest received				0	321	321
Rents	400			400	1,370	970
Other				0	1,808	1,808
Total receipts	86,255	0	0	86,255	85,356	-899
Disbursements:						
General government:						
Contingency	16,074			16,074	28,591	-12,517
Amount transferred	1,200			1,200		1,200
Public works:				0		0
Miscellaneous:	70,831			70,831	33,232	37,599
Total disbursements	88,105	0	0	88,105	65,584	22,521
Excess of receipts over (under) disbursements	-1,850	0	0	-1,850	19,772	21,622
Other financing sources (uses):						
None				0		0
Net change in fund balance	-1,850	0	0	-1,850	19,772	21,622
Fund balance:						
January 1, 2023	143,703			143,703	143,703	0
December 31, 2023	141,853	0	0	141,853	163,475	21,622

CITY OF OELRICHS

SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING DECEMBER 31, 2022

GENERAL FUND	Budgeted Amounts			Actual (Cash Basis)	Variance Positive (Negative)
	Original	Contingency Transfers	Supplementals		
Receipts:					
Receipts from local sources:					
Taxes:					
Ad valorem taxes	24,212			24,212	2,750
Amusement tax	348			348	-348
General sales and use taxes	50,000			50,000	52,738
Licenses and permits:	1,350			1,350	0
Intergovernmental receipts:					
State shared receipts:	9,945			9,945	-794
County shared receipts:				0	73
Miscellaneous receipts:					
Interest received				0	23
Rents	400			400	1,675
Other				0	239
Total receipts	86,255	0	0	86,255	56,356
Disbursements:					
General government:	16,064			16,064	-6,572
Contingency	1,200			1,200	1,200
Amount transferred				0	0
Public works:	70,205			70,205	40,066
Miscellaneous:				0	-4,146
Total disbursements	87,469	0	0	87,469	30,548
Excess of receipts over (under) disbursements	-1,214	0	0	-1,214	86,904
Other financing sources (uses):					
Transfers in				0	-20
Net change in fund balance	-1,214	0	0	-1,214	86,884
Fund balance:					
January 1, 2022	58,033			58,033	0
December 31, 2022	56,819	0	0	56,819	86,884

TOWN OF OELRICHS
NOTES TO SUPPLEMENTARY INFORMATION - BUDGETS

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL
FUND FOR THE TWO YEARS ENDING December 31, 2023

1. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in the supplementary information:

- a. At the first regular board meeting in September of each year or within ten days thereafter, the governing board introduces the annual appropriation ordinance for the ensuing fiscal year.
- b. After adoption by the governing board, the operating budget is legally binding and actual disbursements for each purpose cannot exceed the amounts budgeted, except as indicated in d.
- c. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the governing board to any other budget category that is deemed insufficient during the year.
- d. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets. There were no supplemental budgets in 2022 or 2023. See page 20 and 21 for more information.
- e. Formal budgetary integration is employed as a management control device for the general fund.
- f. The budget for the general fund is not adopted on a basis consistent with generally accepted accounting principles (GAAP) because the Town uses a cash basis of accounting.

2. GAAP AND BUDGETARY ACCOUNTING BASIS DIFFERENCE:

The financial statements prepared in conformity with US-GAAP (within the context of the modified cash basis of accounting) present capital outlay disbursement information as a separate category of disbursements. Under the budgetary basis of accounting, capital outlay disbursements are reported within the function to which they relate. For example, the purchase of a road grader would be reported as a capital outlay disbursement in the governmental funds statement of receipts, disbursements and changes in fund balances. However, in the budgetary schedule, the purchase of a road grader would be reported as a disbursement in the public works function of general fund, along with all other current public works disbursements.

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 Members of the
Oelrichs Board of Trustee
Oelrichs, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying modified cash basis of accounting financial statements of governmental activities, business-type activities, and each major fund of the Town of Oelrichs (Town), Fall River County, South Dakota as of December 31, 2023 and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Town of Oelrichs' basic cash basis financial statements and have issued my report thereon dated January 9, 2025 which was unmodified.

Report on Internal Control Over Financial Reporting:

In planning and performing my audit of the financial statements, I considered Town of Oelrichs' 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Oelrichs' internal control.

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

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

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

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

I did identify a deficiency in internal control, described in the accompanying schedule of current audit findings and responses, that I consider to be a significant deficiency. I consider the deficiency described in the accompanying schedule of current audit findings and responses as item 2023-03 to be a significant deficiency.

Town of Oelrichs
Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters -- Page Two

Government Auditing Standards require the auditor to perform limited procedures on the Town's responses to the internal control over financial reporting findings identified in my audit and described in the accompanying schedule of findings and responses. The Town's responses were not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

I also noted minor matters involving internal control that I reported to the governing body and management of the Town of Oelrichs in a separate Letter of Comments dated January 9, 2025.

Compliance and Other Matters:

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

The results of my tests did identify instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. I consider the compliance deficiencies described in the accompanying schedule of current audit findings and responses as items 2023-01 and 2023-02 to be significant deficiencies.

Government Auditing Standards require the auditor to perform limited procedures on the Town's responses to the compliance findings identified in my audit and described in the accompanying schedule of findings and responses. The Town's responses were not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

I also noted other matters involving compliance that I reported to the governing body and management of the Town of Oelrichs in a separate Letter of Comments dated January 9, 2025.

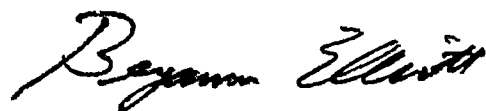
Purpose of this Report

The purpose of this report is solely to describe the scope of my 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 Town's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town'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.

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

January 9, 2025



TOWN OF OELRICHS
DECEMBER 31, 2023

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Compliance Audit Findings:

There are no prior year federal compliance audit findings.

Prior Other Audit Findings:

There are no prior year other audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS AND MANAGEMENT'S RESPONSES

Summary of the Audit:

Financial Statements:

Type of auditor's report issued:

Unmodified on:

Governmental Activities
Business-type Activities
Major Funds

Noncompliance noted:

Finding 2023-01

Finding 2023-02

Internal control over financial reporting:

* Material weakness(es) identified?

None reported

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

Finding 2023-03

Finding 2023-01: Check Signatures
(compliance)

Condition:

Town checks were not signed by the Board president.

Criteria:

SDCL 9-14-17, 9-14-18, 9-23-3, and 9-23-7 require checks to be signed by the finance officer (or equivalent) and the President of the Board. During much of this audit period checks were signed by the Town Clerk/Finance Officer and by the Town Treasurer. They were not signed by the Board president.

Cause of the Condition:

The Town was not aware of this requirement.

Effect:

This control deficiency could result in the issuance of unauthorized checks.

Recommendation:

The Board president should sign all Town checks.

Management Response:

The Town is now having the Board president sign all checks.

SCHEDULE OF CURRENT AUDIT FINDINGS AND MANAGEMENT'S RESPONSES
(continued)

Finding 2023-02: Cash Receipt Tickets
(compliance)

Condition:

The Town does not keep a cash receipt ticket book with duplicate receipts.

Criteria:

SDCL 9-22-3 requires the Town to issue duplicate receipts showing the amount, date paid and upon what account paid for all money received by the Town.

Cause of the Condition:

The Town was not aware of this requirement.

Effect:

This control deficiency can result in unaccounted for cash receipts.

Recommendation:

The Town needs to use a receipt book with with a duplicate cash receipt ticket.

Management Response:

The Town is considering the recommendation to use a cash receipt ticket book with duplicate cash receipt tickets.

Finding 2023-03: Preparation of Financial Statements
(internal control)

Condition:

As the auditor, I was requested to draft these financial statements and accompanying notes to the financial statements.

Criteria:

A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements and the preparation of the financial statements.

Cause of the Condition:

The Town Board has elected not to have an internal control system designed to provide for the preparation of the financial statement being audited.

Effect:

This control deficiency could result in a misstatement of the financial statements that would not be prevented or detected.

Recommendation:

This situation is not unusual for an entity of this Town's 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.

Management Response:

Due to cost constraints, the Town has decided to have the auditor draft these financial statements and accompanying notes to these financial statements.