

Oelrichs School District No. 23-3

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

**For the Year Ended
June 30, 2022**

Oelrichs School District No. 23-3

School District Officials

June 30, 2022

Board Members:

Dave Osmotherly----- President

John Cope ----- Member

Jennifer Her Many Horses ----- Member

Lance Tlusto ----- Member

Vince Logue----- 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 (the School District), as of and for the year ended June 30, 2022, 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 May 1, 2023.

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 preceding paragraph 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 2022-001 to be 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 did not disclose 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 and described in the accompanying schedule of 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
May 1, 2023



**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 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, 2022. 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, 2022.

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 in internal control over compliance. 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 "ELO Prof LLC".

Chamberlain, South Dakota
May 1, 2023

Oelrichs School District No. 23-3
 Schedule of Prior and Current Audit Findings and Questioned Costs
 Year Ended June 30, 2022

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
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan Elementary and Secondary School Emergency Relief

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

 \$ 750,000

Oelrichs School District No. 23-3
Schedule of Current Audit Findings
Year Ended June 30, 2022

Section II – Financial Statement Findings

Finding 2022-001

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.

Oelrichs School District No. 23-3

Schedule of Prior Audit Findings

Year Ended June 30, 2022

Finding 2021-001

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, 2021.

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, 2022.

Name and address of independent public accounting firm:

ELO Prof LLC
PO Box 249
Mitchell, SD 57301

Finding No. 2022-001

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, 2022, 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 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, 2022, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2022, the School District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

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 45 through 53 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 accompanying combining and individual nonmajor fund financial statements and 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*, are presented for purposes of additional analysis and are 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 DATE, 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
May 1, 2023

Oelrichs School District No. 23-3
Statement of Net Position – Government-Wide
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 1,315,779	\$ 16,422	\$ 1,332,201
Investments	3,709,453	--	3,709,453
Taxes receivable	234,609	--	234,609
Inventories	--	586	586
Other assets	411,308	10,194	421,502
Net pension asset	325,778	13,568	339,346
Capital assets:			
Land, improvements, and construction in progress	123,500	--	123,500
Other capital assets, net of depreciation	5,159,908	234,517	5,394,425
Total Assets	11,280,335	275,287	11,555,622
Deferred Outflows of Resources:			
Pension related deferred outflows	458,422	19,093	477,515
Liabilities:			
Accounts payable	29,833	89	29,922
Deferred Inflows of Resources:			
Taxes levied for future periods	228,350	6,047	234,397
Pension related deferred inflows	633,097	26,367	659,464
Total Deferred Inflows of Resources	861,447	32,414	893,861
Net Position:			
Net investment in capital assets	5,283,408	248,085	5,531,493
Restricted for:			
Capital outlay purposes	494,474	--	494,474
Special education purposes	136,171	--	136,171
SDRS pension purposes	151,103	6,294	157,397
Unrestricted	4,782,321	7,498	4,789,819
Total Net Position	\$ 10,847,477	\$ 261,877	\$ 11,109,354

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, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 3,681,362	\$ --	\$ 604,355	\$ (3,077,007)	\$ --	\$ (3,077,007)
Support services	1,763,201	--	42,506	(1,720,695)	--	(1,720,695)
Cocurricular activities	74,283	738	--	(73,545)	--	(73,545)
Total Governmental Activities	5,518,846	738	646,861	(4,871,247)	--	(4,871,247)
Business-Type Activities:						
Food service	146,258	10,650	350,264	--	214,656	214,656
Total Primary Government	<u>\$ 5,665,104</u>	<u>\$ 11,388</u>	<u>\$ 997,125</u>	<u>(4,871,247)</u>	<u>214,656</u>	<u>(4,656,591)</u>
		General Revenues				
		Taxes:				
			Property taxes	488,028	--	488,028
			Gross receipts taxes	19,011	--	19,011
			Revenue from State Sources:			
			State aid	1,041,515	--	1,041,515
			Other	1,025	--	1,025
			Revenue from Federal Sources	1,533,562	--	1,533,562
			Unrestricted Investment Earnings	33,935	--	33,935
			Other General Revenues	13,773	--	13,773
			Total General Revenues and Gain	<u>5,355,849</u>	<u>--</u>	<u>5,355,849</u>
			Change in Net Position	484,602	214,656	699,258
			Net Position- Beginning of Year	<u>10,362,875</u>	<u>47,221</u>	<u>10,410,096</u>
			Net Position- End of Year	<u>\$ 10,847,477</u>	<u>\$ 261,877</u>	<u>\$ 11,109,354</u>

*This amount excludes the depreciation that is included in the direct expenses of the various functions. See Note 3.

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, 2022

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 731,002	\$ 449,395	\$ 135,382	\$ 1,315,779
Investments	3,709,453	--	--	3,709,453
Capital credits receivable	82,868	--	--	82,868
Taxes receivable, current	76,754	90,506	61,090	228,350
Taxes receivable, delinquent	4,077	1,309	873	6,259
Due from other governments	275,236	52,130	1,074	328,440
Total Assets	<u>\$ 4,879,390</u>	<u>\$ 593,340</u>	<u>\$ 198,419</u>	<u>\$ 5,671,149</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	<u>\$ 22,497</u>	<u>\$ 7,051</u>	<u>\$ 285</u>	<u>\$ 29,833</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	4,077	1,309	873	6,259
Taxes levied for future period	76,754	90,506	61,090	228,350
Other deferred inflows of resources	82,868	--	--	82,868
Total Deferred Inflows of Resources	<u>163,699</u>	<u>91,815</u>	<u>61,963</u>	<u>317,477</u>
Fund Balances:				
Restricted:				
For capital outlay	--	494,474	--	494,474
For special education	--	--	136,171	136,171
Unassigned	4,693,194	--	--	4,693,194
Total Fund Balances	<u>4,693,194</u>	<u>494,474</u>	<u>136,171</u>	<u>5,323,839</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,879,390</u>	<u>\$ 593,340</u>	<u>\$ 198,419</u>	<u>\$ 5,671,149</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, 2022

Total Fund Balances - Governmental Funds	\$ 5,323,839
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.	325,778
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	5,283,408
Pension related deferred outflows are components of pension asset and changes are not reported in the funds.	458,422
Assets, such as taxes receivable are not available to pay for current period expenditures, are deferred in the governmental funds.	
Taxes Receivable	89,127
Pension related deferred inflows are components of pension liability and therefore are not reported in the funds.	<u>(633,097)</u>
Net Position - Governmental Activities	<u><u>\$ 10,847,477</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, 2022

	<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	\$ 167,186	\$ 188,372	\$ 127,640	\$ 483,198
Prior years' ad valorem taxes	930	495	303	1,728
Utility taxes	19,011	--	--	19,011
Penalties and interest on taxes	648	620	404	1,672
Earnings on investments and deposits	33,935	--	--	33,935
Cocurricular Activities:				
Admissions	738	--	--	738
Other revenue from local sources:				
Rentals	5,667	--	--	5,667
Refund of prior years' expenditures	4,408	--	--	4,408
Other	12	--	--	12
Revenue from Intermediate Sources:				
County apportionment	3,686	--	--	3,686
Revenue in Lieu of Taxes	42,506	--	--	42,506
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,012,808	--	28,707	1,041,515
Other state revenue	1,025	--	--	1,025
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,520,386	1,223	11,953	1,533,562
Restricted grants-in-aid	307,678	296,677	--	604,355
Total Revenues	<u>\$ 3,120,624</u>	<u>\$ 487,387</u>	<u>\$ 169,007</u>	<u>\$ 3,777,018</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, 2022 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Expenditures				
Instruction:				
Regular Programs:				
Elementary	\$ 292,634	\$ 41,598	\$ --	\$ 334,232
Middle/junior high	221,859	40,091	--	261,950
High school	476,609	109,930	--	586,539
Special Programs:				
Programs for special education	--	--	114,378	114,378
Culturally different	25,175	--	--	25,175
Educationally deprived	117,605	--	--	117,605
Support Services:				
Students:				
Guidance	4,624	--	--	4,624
Health	1,024	--	--	1,024
Psychological	--	--	8,692	8,692
Speech pathology	--	--	35,250	35,250
Student therapy services	--	--	5,544	5,544
Instructional Staff:				
Improvement of instruction	69,965	--	--	69,965
Educational media	108,991	1,169	--	110,160
General Administration:				
Board of education	53,529	--	--	53,529
Executive administration	147,106	--	--	147,106
School Administration:				
Office of the principal	96,200	--	--	96,200
Title I program administration	3,474	--	--	3,474
Business:				
Fiscal services	112,647	--	--	112,647
Facilities acquisition and construction	--	479,970	--	479,970
Operation and maintenance of plant	309,926	145,622	--	455,548
Student transportation	113,124	--	--	113,124
Internal services	--	6,824	--	6,824
Food services	12,309	--	--	12,309
Central:				
Staff	303	--	--	303
Cocurricular Activities:				
Male activities	22,033	--	--	22,033
Female activities	27,235	--	--	27,235
Transportation	4,289	--	--	4,289
Combined activities	15,223	--	--	15,223
Capital Outlay	--	1,500,992	--	1,500,992
Total Expenditures	2,235,884	2,326,196	163,864	4,725,944
Excess of Revenue Over (Under) Expenditures	884,740	(1,838,809)	5,143	(948,926)

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, 2022 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses):				
Transfer in	--	2,225,000	--	2,225,000
Transfer out	(2,225,000)	--	--	(2,225,000)
Sale of surplus property	70	9,665	--	9,735
Total Other Financing Sources	<u>(2,224,930)</u>	<u>2,234,665</u>	<u>--</u>	<u>9,735</u>
 Net Change in Fund Balances	 (1,340,190)	 395,856	 5,143	 (939,191)
Fund Balance, Beginning of Year	<u>6,033,384</u>	<u>98,618</u>	<u>131,028</u>	<u>6,263,030</u>
Fund Balance, End of Year	<u><u>\$ 4,693,194</u></u>	<u><u>\$ 494,474</u></u>	<u><u>\$ 136,171</u></u>	<u><u>\$ 5,323,839</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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (939,191)

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. 1,500,992

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. (175,662)

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. (7,953)

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". 9,383

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

Change in net position of governmental activities 97,033
\$ 484,602

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, 2022

	Enterprise Fund
	Food Service
Assets:	
Current Assets	
Cash and cash equivalents	\$ 16,422
Due from other governments	10,194
Inventory	586
Total Current Assets	27,202
Noncurrent Assets	
Machinery and equipment - local funds	277,983
Less accumulated depreciation	(43,466)
Net pension asset	13,568
Total Noncurrent Assets	248,085
Total Assets	275,287
Deferred Outflow of Resources	
Pension-related deferred outflows of resources	19,093
Liabilities:	
Current Liabilities	
Accounts payable	89
Unearned revenue	6,047
Total Liabilities	6,136
Deferred Inflow of Resources	
Pension-related deferred inflows of resources	26,367
Net Position:	
Net investment in capital assets	248,085
SDRS pension purposes	6,294
Unrestricted	7,498
Total Net Position	\$ 261,877

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, 2022

	<u>Enterprise Fund</u> <u>Food Service</u>
Operating Revenue:	
Food Sales:	
Adult	\$ 8,534
Other charges for goods and services	2,116
Total Operating Revenue	<u>10,650</u>
Operating Expenses:	
Salaries	63,846
Supplies	4,887
Cost of sales -purchases	49,633
Depreciation	14,178
Other	13,714
Total Operating Expenses	<u>146,258</u>
Operating (Loss)	(135,608)
Nonoperating Revenue:	
Other local revenue	--
State grants	175
Federal Sources	
Capital grants	10,481
Cash reimbursements	94,652
Capital contributions	237,098
Donated food	7,858
Total Nonoperating Revenue	<u>350,264</u>
Change in Net Position	214,656
Net Position - Beginning of Year	<u>47,221</u>
Net Position - End of Year	<u><u>\$ 261,877</u></u>

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, 2022

	Enterprise Fund
	Food Service
	Fund
Cash Flow from Operating Activities	
Cash receipts from customers	\$ 9,020
Cash payments to suppliers	(57,714)
Cash payments to employees	(67,888)
Net Cash (Used) by Operating Activities	(116,582)
 Cash Flows from Noncapital Financing Activities	
Operating grants	105,308
Net (Decrease) in Cash and Cash Equivalents	(11,274)
Cash and Cash Equivalents, Beginning of Year	27,696
Cash and Cash Equivalents, End of Year	\$ 16,422
 Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	\$ (135,608)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation expense	14,178
Value of donated commodities used	7,858
Change in Assets and Liabilities:	
Receivables	(7,677)
Inventory	2,573
Accounts payable	89
Unearned revenue	6,047
Pension related deferred inflows and outflows	(4,042)
Net Cash (Used) by Operating Activities	\$ (116,582)
 Noncash Investing, Capital, and Finance Activities	
Value of commodities received	\$ 7,858

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, 2022

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	<u>\$ 16,877</u>
Total Assets	<u><u>\$ 16,877</u></u>
Net Position:	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 16,877</u>
Total Net Position	<u><u>\$ 16,877</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, 2022

	<u>Custodial Funds</u>
Additions:	
Collections for student activities	<u>\$ 5,237</u>
Total Additions	<u>5,237</u>
Deductions:	
Payments for student activities	<u>5,280</u>
Total Deductions	<u>5,280</u>
Change in Net Position	(43)
Net Position - Beginning	<u>16,920</u>
Net Position - Ending	<u><u>\$ 16,877</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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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.

Government-Wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. 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, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with US GAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation, 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 Method	Estimated Useful Life
Land	All Land	N/A	N/A
Buildings	\$ 20,000	Straight-line	50-100 years
Improvements	10,000	Straight-line	20 years
Machinery and equipment (governmental funds)	5,000	Straight-line	7-20 years
Machinery and equipment (proprietary funds)	2,000	Straight-line	12 years

Land is an inexhaustible capital asset and is not depreciated.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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.

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.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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.

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. 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.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

j. 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.

k. 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.

l. 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.

m. 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.”

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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.

n. Application of Net Position:

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

o. 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.

p. 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, 2022

2. Implementation of New Accounting Standard:

In 2022, the School District implemented the provisions of GASB Statement No. 87, Leases. Amounts previously reported as capital leases are now reported as financed purchases. The change resulted in no adjustments to net position or fund balances.

3. 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, 2022, 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, 2022, 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.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

3. Deposits and Investments: (Continued)

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The 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.

4. Receivables and Payables:

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

5. 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.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

6. 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.

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.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

7. Changes in Capital Assets:

A summary of changes in capital assets for the year ended June 30, 2022 is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>07/01/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/2022</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 123,500	\$ --	\$ --	\$ 123,500
Construction in progress	3,058,023	1,933,107	4,991,130	--
Total capital assets, not being depreciated	<u>3,181,523</u>	<u>1,933,107</u>	<u>4,991,130</u>	<u>123,500</u>
Capital assets being depreciated:				
Improvements	17,775	--	--	17,775
Buildings	968,487	4,004,054	138,692	4,833,849
Machinery and equipment	562,213	554,961	--	1,117,174
Total capital assets being depreciated	<u>1,548,475</u>	<u>4,559,015</u>	<u>138,692</u>	<u>5,968,798</u>
Less accumulated depreciation for:				
Improvements	11,379	1,099	--	12,478
Buildings	356,429	91,118	27,738	419,809
Machinery and equipment	396,159	83,445	103,001	376,603
Total accumulated depreciation	<u>763,967</u>	<u>175,662</u>	<u>130,739</u>	<u>808,890</u>
Total capital assets being depreciated, net	<u>784,508</u>	<u>4,383,353</u>	<u>7,953</u>	<u>5,159,908</u>
Net Capital Assets	<u>\$ 3,966,031</u>	<u>\$ 6,316,460</u>	<u>\$ 4,999,083</u>	<u>\$ 5,283,408</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 123,251
Support services	46,908
Co-curricular activities	5,503
Total Depreciation Expense	<u>\$ 175,662</u>

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

7. Changes in Capital Assets: (Continued)

	<u>Balance</u> <u>07/01/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2022</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 40,885	\$ 238,049	\$ 951	\$ 277,983
Less accumulated depreciation for:				
Machinery and equipment	29,288	14,258	80	43,466
Total capital assets being depreciated, net	<u>\$ 11,597</u>	<u>\$ 223,791</u>	<u>\$ 871</u>	<u>\$ 234,517</u>

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

8. Long Term Liabilities:

The School District does not have any long-term liabilities June 30, 2022.

9. Leases:

The School District does not have any leases at June 30, 2022.

10. Restricted Net Position:

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

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 494,474
Special Education	Law	136,171
SDRS Pension	Law	157,397
Total		<u>\$ 788,042</u>

11. Individual Fund Interfund Balances and Transactions:

Transfers to/from other funds June 30, 2022 consist of the following:

Transfer from Impact Aid/General Fund to Capital Outlay for the construction of the new building	<u>\$ 2,225,000</u>
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Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

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

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

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

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

12. Pension Plan: (Continued)

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.

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, 2022, 2021, and 2020, were \$73,901, \$60,334, and \$70,051, respectively, equal to the required contributions each year.

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

As of June 30, 2021, SDRS is 105.52% 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, 2021, and reported by the School District as of June 30, 2022, are as follows:

Proportionate share of pension liability	\$ 6,144,328
Less proportionate share of net pension restricted for pension benefits	6,483,674
Proportionate share of net pension asset	<u>\$ (339,346)</u>

Oelrichs School District No. 23-3
Notes to the Financial Statements
June 30, 2022

12. Pension Plan: (Continued)

As of June 30, 2022, the School District reported an (asset) of (\$339,346) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2021, 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, 2021, the District's proportion was 0.04431100%, which is an increase of (0.0088858%) from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense (reduction of pension expense) of (\$101,074). At June 30, 2022, 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	\$ 12,183	\$ 890
Changes in assumption	390,245	169,940
Net difference between projected and actual earnings on pension plan investments	--	484,763
Changes in proportion and difference between School District contributions and proportionate share of contributions	1,185	3,872
School District contributions subsequent to the measurement date	73,902	--
Total	\$ 477,515	\$ 659,465

\$73,902 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, 2023. 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	\$	(64,887)
2023		(42,520)
2024		(12,054)
2025		(136,391)
Thereafter		--
Total	\$	(255,852)

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

12. Pension Plan: (Continued)

e. Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2021 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, 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average Inflation rate of 2.25% and real returns of 4.25%.
Future COLAs	2.25%

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58.0%	4.3%
Total Long-term liabilities	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	0.9%
Total	<u>100%</u>	

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

12. Pension Plan: (Continued)

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).

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:

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 549,486	\$ (339,346)	\$ (1,060,872)

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.

13. 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.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

13. Joint Venture: (Continued)

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, 2022, the district paid \$6,500 for services provided by the Co-op.

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, 2022, this joint venture had assets of \$10,403,863, deferred inflows of \$2,951,237, liabilities of \$910,370, and net position of \$6,542,257 (unaudited).

14. Risk Management:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2022, 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.

Oelrichs School District No. 23-3

Notes to the Financial Statements

June 30, 2022

14. Risk Management: (Continued)

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:

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, 2022. There are no claims anticipated for the year ended June 30, 2022.

15. 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.

Required Supplementary Information

Oelrichs School District No. 23-3

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 180,000	\$ 180,000	\$ 167,186	\$ (12,814)
Prior years ad valorem taxes	2,000	2,000	930	(1,070)
Utility taxes	28,000	28,000	19,011	(8,989)
Penalties and interest on taxes	700	700	648	(52)
Earnings on investments and deposits	--	--	33,935	33,935
Cocurricular Activities:				
Admissions	3,080	3,080	738	(2,342)
Other student activity income	50	50	--	(50)
Other local revenue:				
Rentals	9,400	9,400	5,667	(3,733)
Contributions and donations	120	120	--	(120)
Refund of prior year expenditures	5,000	5,000	4,408	(592)
Other	2,500	2,500	12	(2,488)
Revenue from Intermediate Sources:				
County Sources	4,000	4,000	3,686	(314)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	944,943	944,943	1,012,808	67,865
Restricted grants-in-aid	10,000	10,000	--	(10,000)
Other state revenue	700	700	1,025	325
Total revenue from state sources	<u>955,643</u>	<u>955,643</u>	<u>1,013,833</u>	<u>58,190</u>
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	31,750	31,750	1,520,386	1,488,636
Restricted grants-in-aid	665,442	665,442	307,678	(357,764)
Revenue in Lieu of Taxes	20,000	20,000	42,506	22,506
Total revenue from federal sources	<u>717,192</u>	<u>717,192</u>	<u>1,870,570</u>	<u>1,153,378</u>
Total Revenues	<u>\$ 1,907,685</u>	<u>\$ 1,907,685</u>	<u>\$ 3,120,624</u>	<u>\$ 1,212,939</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, 2022 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 376,785	\$ 376,785	\$ 292,634	\$ 84,151
Middle/junior high	350,273	350,273	221,859	128,414
High school	569,552	569,552	476,609	92,943
Special Programs:				
Culturally different	25,176	25,176	25,175	1
Educationally deprived	123,026	123,026	117,605	5,421
Support Services:				
Students:				
Attendance and social work	1,200	1,200	--	1,200
Guidance	8,286	8,286	4,624	3,662
Health	1,100	1,100	1,024	76
Instructional Staff:				
Improvement of instruction	87,733	87,733	69,965	17,768
Educational media	205,507	205,507	108,991	96,516
General Administration:				
Board of education	85,201	85,201	53,529	31,672
Executive administration	163,431	163,431	147,106	16,325
School Administration:				
Office of the principal	98,514	98,514	96,200	2,314
Title I program administration	3,500	3,500	3,474	26
Business:				
Fiscal services	217,665	217,665	112,647	105,018
Operation and maintenance of plant	367,293	367,293	309,926	57,367
Pupil transportation	141,714	141,714	113,124	28,590
Food services	12,900	12,900	12,309	591
Central:				
Staff services	600	600	303	297
Cocurricular Activities:				
Male activities	37,281	37,281	22,033	15,248
Female activities	40,509	40,509	27,235	13,274
Combined activities	22,743	22,743	15,223	7,520
Transportation	4,555	4,555	4,289	266
Total Expenditures	<u>2,944,544</u>	<u>2,944,544</u>	<u>2,235,884</u>	<u>708,660</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,036,859)</u>	<u>(1,036,859)</u>	<u>884,740</u>	<u>1,921,599</u>
Other Financing Sources (Uses)				
Transfers (In)	1,036,559	1,036,559	--	(1,036,559)
Sale of surplus property	300	300	70	(230)
Total Other Financing Sources (Uses):	<u>1,036,859</u>	<u>1,036,859</u>	<u>70</u>	<u>(1,036,789)</u>
Net Change in Fund Balances	--	--	884,810	884,810
Fund Balance, Beginning of Year	<u>6,033,384</u>	<u>6,033,384</u>	<u>6,033,384</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 6,033,384</u>	<u>\$ 6,033,384</u>	<u>\$ 6,918,194</u>	<u>\$ 884,810</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 – Capital Outlay Fund – Budgetary Basis
June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 162,000	\$ 162,000	\$ 188,372	\$ 26,372
Prior year ad valorem taxes	1,230	1,230	495	(735)
Penalties and interest on taxes	750	750	620	(130)
Other	63,750	63,750	--	(63,750)
Revenue from Federal Sources:				
Unrestricted grants-in-aid	--	--	1,223	1,223
Restricted grants-in-aid	359,196	359,196	296,677	(62,519)
Total Revenues	<u>586,926</u>	<u>586,926</u>	<u>487,387</u>	<u>(99,539)</u>
Expenditures				
Instructional Services:				
Elementary	41,692	41,692	41,598	94
Middle school	40,098	40,098	40,091	7
High school	109,933	109,933	109,930	3
Support Services:				
Instructional staff:				
Fiscal services	5,000	5,000	--	5,000
Educational media	23,597	23,597	1,169	22,428
Facilities acquisition and construction	2,863,450	2,863,450	1,980,962	882,488
Operation and maintenance of plant	238,013	238,013	145,622	92,391
Internal services	9,200	9,200	6,824	2,376
General Administration:				
Executive administration	6,163	6,163	--	6,163
Debt Services:				
Debt Services	2,399	2,399	--	2,399
Cocurricular Activities:				
Male activities	3,800	3,800	--	3,800
Female activities	2,000	2,000	--	2,000
Total Expenditures	<u>3,345,345</u>	<u>3,345,345</u>	<u>2,326,196</u>	<u>1,019,149</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(2,758,419)</u>	<u>(2,758,419)</u>	<u>(1,838,809)</u>	<u>919,610</u>
Other Financing Sources (Uses)				
Transfer in	2,225,000	2,225,000	2,225,000	--
Compensation for loss of general capital assets	2,437	2,437	--	(2,437)
Sale of Surplus Property	300	300	9,665	9,365
Proceeds of General Long-Term Liabilities	530,682	530,682	--	(530,682)
Total Other Financing Sources (Uses)	<u>2,758,419</u>	<u>2,758,419</u>	<u>2,234,665</u>	<u>(523,754)</u>
Net Change in Fund Balances	--	--	395,856	395,856
Fund Balance, Beginning of Year	<u>98,618</u>	<u>98,618</u>	<u>98,618</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 98,618</u>	<u>\$ 98,618</u>	<u>\$ 494,474</u>	<u>\$ 395,856</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 120,100	\$ 120,100	\$ 127,640	\$ 7,540
Prior years' ad valorem taxes	1,450	1,450	303	(1,147)
Penalties and interest on taxes	435	435	404	(31)
Revenue from State Sources:				
Restricted grants-in-aid	37,302	37,302	28,707	(8,595)
Revenue from Federal Sources:				
Unrestricted grants-in-aid	23,000	23,000	11,953	(11,047)
Restricted grants-in-aid	34,350	34,350	--	(34,350)
Total Revenues	<u>216,637</u>	<u>216,637</u>	<u>169,007</u>	<u>(47,630)</u>
Expenditures				
Instructional Services:				
Programs for special education	150,742	150,742	114,378	36,364
Support Services:				
Psychological	8,700	8,700	8,692	8
Speech pathology	38,195	38,195	35,250	2,945
Student therapy services	19,000	19,000	5,544	13,456
Total Expenditures	<u>216,637</u>	<u>216,637</u>	<u>163,864</u>	<u>52,773</u>
Excess of Revenues Over (Under) Expenditures	--	--	5,143	5,143
Net Change in Fund Balance	--	--	5,143	5,143
Fund Balance, Beginning of Year	<u>131,028</u>	<u>131,028</u>	<u>131,028</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 131,028</u>	<u>\$ 131,028</u>	<u>\$ 136,171</u>	<u>\$ 5,143</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, 2022

Note 1 – 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).

Note 2 – US GAAP/Budgetary Accounting Basis Differences:

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.

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

	<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)	0.04431100%	0.05319680%	0.05258410%	0.05306100%	0.04722430%	0.07222900%	0.0669089%	0.0550174%
District's proportionate share of net pension liability (asset)	\$ (3,339,346)	\$ (2,310)	\$ (5,572)	\$ (1,243)	\$ (4,286)	\$ 243,982	\$ (283,780)	\$ (396,378)
District's covered-employee payroll	\$ 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	(332.08%)	(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)	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>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	\$ 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>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>
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
Contributions as a percentage of employee-covered payroll	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, 2022

Changes from Prior Valuation

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 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

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

Actuarial Assumption Changes

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%. That condition existed as of June 30, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the Actuarial Accrued Liability by \$1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

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

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

Supplementary Information

Oelrichs School District No. 23-3
Schedule of Expenditures of Federal Awards
June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Child Nutrition Cluster:			
US Department of Agriculture Pass-Through Programs From:			
SD Department of Education:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NSLP-17-139	\$ 7,858
Cash Assistance:			
School Breakfast Program	10.553	N/A	26,464
National School Lunch Program	10.555	NSLP-17-139	66,735
USDA Supply Chain Assistance Fund	10.555	N/A	1,452
Total for Child Nutrition Cluster			<u>102,509</u>
Forest Service Schools and Roads Cluster:			
U.S. Department of Agriculture Pass- Through Programs From:			
Fall River County:			
Schools and Roads - Grants to Counties	10.666	--	<u>4,696</u>
Other Programs:			
US Department of Agriculture Pass-Through Programs From:			
SD Department of Education:			
Team Nutrition Grants	10.579		--
Fresh Fruit and Vegetable Program	10.582		<u>2,750</u>
Subtotal US Department of Agriculture - Pass-Through Programs			<u>2,750</u>
Total U.S. Department of Agriculture			<u>7,446</u>
US Department of the Interior - Direct Programs:			
Mineral Leasing (Note 4)	15.277	--	17,087
Payments in Lieu of Taxes (Note 4)	15.226	--	<u>42,506</u>
Total U.S. Department of the Interior - Direct Programs			<u>59,593</u>
Special Education Cluster			
US Department of Education - Pass-Through Programs From:			
SD Department of Education:			
Impact Aid	84.041		<u>11,953</u>
Total for Special Education Cluster			<u>11,953</u>
US Department of Education - Direct Programs:			
Impact Aid	84.041	--	2,876,223
Indian Education - Grants to Local Educational Agencies	84.060	--	25,176
Rural Education Achievement (REAP)	84.568B	--	<u>12,138</u>
Subtotal for US Department of Education - Direct Programs			2,913,537
US Department of Education - Pass-Through Programs From:			
SD Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A170041	127,077
School Improvement Grants	84.377	--	40,963
Title II Part A REAP	84.367A	--	2,338
Title IV Transfer	84.424A	--	12,581
Elementary and Secondary School Emergency Relief Fund	84.425D	--	256,619
American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	--	<u>122,155</u>
Subtotal US Department of Education - Pass-Through Programs			<u>561,733</u>
Total US Department of Education			<u>3,475,270</u>
Grand Total			<u>\$ 3,656,771</u>

Oelrichs School District No. 23-3
Schedule of Expenditures of Federal Awards
June 30, 2022 (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, 2022. 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.