

**OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
OF OGLALA LAKOTA COUNTY**

AUDIT REPORT

FISCAL YEAR JULY 1, 2022 TO JUNE 30, 2023

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2023

BOARD MEMBERS:

Bryan V. Brewer – President
Robert Two Crow – Vice President
Debbie Blue-Bird
Clarence (Chuck) Conroy
Andrea Eagle Bull

SUPERINTENDENT:

Connie Kaltenbach

BUSINESS MANAGER:

Sophia Conroy

Schoenfish & Co., Inc.

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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

School Board
Oglala Lakota County School District No. 65-1
Batesland, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oglala Lakota County School District No. 65-1, South Dakota (School District), as of June 30, 2023 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 27, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Schoenfish & Co., Inc.
Certified Public Accountants
November 27, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

School Board
Oglala Lakota County School District No. 65-1
Batesland, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Oglala Lakota County School District No. 65-1, South Dakota (School District), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Oglala Lakota County School District No. 65-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit 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 (*Government Auditing Standards*); 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 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 the School District 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 opinion on compliance for each major federal program. Our audit does not provide 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 requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. 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 judgement 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 GAAS 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 School District's compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of 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 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Schoenfish & Co., Inc.

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Purpose of this 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. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.



Schoenfish & Co., Inc.
Certified Public Accountants
November 27, 2024

Schoenfish & Co., Inc.

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OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS

PRIOR FEDERAL AUDIT FINDINGS:

There are no prior federal audit findings to report on.

PRIOR FINANCIAL STATEMENT AUDIT FINDINGS:

There are no prior financial statement audit findings to report on.

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OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
SCHEDULE OF CURRENT AUDIT FINDINGS
AND QUESTIONED COSTS

SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:

Financial Statements:

- a. An unmodified opinion was issued on the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund opinion units.
- b. Our audit did not disclose instances of noncompliance which were material to the financial statements.

Federal Awards:

- c. An unmodified opinion was issued on compliance with the requirements applicable to each of the School District's major federal programs.
- d. Our audit did not disclose any audit findings that are required to be disclosed in accordance with the 2 CFR 200.516(a).
- e. The federal awards tested as major programs were:

1. Title I Grants to Local Education Agencies	ALN No. 84.010
2. Elementary & Secondary School Emergency Relief Fund	ALN No. 84.425D
3. Elementary & Secondary School Emergency Relief Fund	ALN No. 84.425U
4. American Rescue Plan-Homeless Children & Youth	ALN No. 84.425W
5. Child Nutrition Cluster:	
a. School Breakfast Program	ALN No. 10.553
b. National School Lunch Program	ALN No. 10.555
c. Fresh Fruits and Vegetable Program	ALN No. 10.582
- f. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$1,338,878.
- g. Oglala Lakota County School District No. 65-1 did not qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS:

There are no written current federal audit findings to report.

CURRENT FINANCIAL STATEMENT AUDIT FINDINGS:

There are no written financial statement audit findings to report.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of and at the conclusion of the audit.

INDEPENDENT AUDITOR'S REPORT

School Board
Oglala Lakota County School District No. 65-1
Batesland, 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 the Oglala Lakota County School District No. 65-1, South Dakota (School District), as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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 Oglala Lakota County School District No. 65-1 as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Budgetary Comparison Schedules, the Schedule of the School District Contributions, and the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which was required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

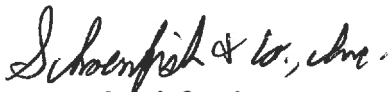
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the School District Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
 Certified Public Accountants
 November 27, 2024

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OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
STATEMENT OF NET POSITION
As of June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	18,774,741.96	57,211.72	18,831,953.68
Investments	1,837,826.88		1,837,826.88
Taxes Receivable	174,543.46		174,543.46
Other Assets	7,004,228.15	123,036.03	7,127,264.18
Inventories		27,510.16	27,510.16
Net Pension Asset	62,091.91		62,091.91
Capital Assets:			
Land and Construction Work in Progress	25,066,558.95	489,764.71	25,556,323.66
Other Capital Assets, Net of Depr./Amort.	82,210,649.32	21,602.54	82,232,251.86
TOTAL ASSETS	135,130,640.63	719,125.16	135,849,765.79
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	6,438,210.08		6,438,210.08
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,438,210.08	0.00	6,438,210.08
LIABILITIES :			
Accounts Payable	333,136.53	3,564.48	336,701.01
Other Current Liabilities	1,979,928.20		1,979,928.20
Unearned Revenue		21,555.50	21,555.50
Noncurrent Liabilities:			
Due Within One Year	1,144,587.00	15,000.00	1,159,587.00
Due in More than One Year	67,253,434.14	2,691.68	67,256,125.82
TOTAL LIABILITIES	70,711,085.87	42,811.66	70,753,897.53
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Future Period	191,278.84		191,278.84
Pension Related Deferred Inflows	4,038,172.33		4,038,172.33
TOTAL DEFERRED INFLOWS OF RESOURCES	4,229,451.17	0.00	4,229,451.17
NET POSITION:			
Net Investment in Capital Assets	39,371,692.27	511,367.25	39,883,059.52
Restricted for:			
Capital Outlay Purposes	29,503.78		29,503.78
Special Education Purposes	890,984.33		890,984.33
Capital Projects Purposes	4,409,920.07		4,409,920.07
SDRS Pension Purposes	2,462,129.66		2,462,129.66
Unrestricted	19,464,083.56	164,946.25	19,629,029.81
TOTAL NET POSITION	66,628,313.67	676,313.50	67,304,627.17

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

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instruction	21,588,212.06	11,852,923.97		(9,735,288.09)		(9,735,288.09)
Support Services	21,770,957.81	89,123.85	16,174,217.00	(5,507,616.96)		(5,507,616.96)
Community Services	898,598.21			(898,598.21)		(898,598.21)
Nonprogrammed Charges	52,703.01			(52,703.01)		(52,703.01)
*Interest on Long-term Debt	843,439.86			(843,439.86)		(843,439.86)
Cocurricular Activities	930,336.70			(732,929.20)		(732,929.20)
Total Governmental Activities	46,084,247.65	11,942,047.82	16,174,217.00	(17,770,575.33)		(17,770,575.33)
Business-type Activities:						
Food Service	1,766,242.50	1,304,818.96	0.00		(423,226.54)	(423,226.54)
Total Primary Government	47,850,490.15	13,246,866.78	16,174,217.00	(17,770,575.33)	(423,226.54)	(18,193,801.87)
General Revenues:						
Taxes:						
Property Taxes				382,663.83		382,663.83
Utility Taxes				396,646.82		396,646.82
Revenue from State Sources:						
State Aid				11,205,709.42		11,205,709.42
Revenue from Federal Sources				16,258,355.00		16,258,355.00
Unrestricted Investment Earnings				317,169.34		317,169.34
Other General Revenues				252,670.36		252,670.36
Transfers				(989,764.71)	989,764.71	0.00
Total General Revenues and Transfers				27,823,450.06	989,764.71	28,813,214.77
Change in Net Position				10,052,874.73	566,538.17	10,619,412.90
Net Position - Beginning				56,575,438.94	109,775.33	56,685,214.27
NET POSITION - ENDING				66,628,313.67	676,313.50	67,304,627.17

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

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

**OTG LALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2023**

	General Fund	Capital Outlay Fund	Special Education Fund	School Construction Capital Projects Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	17,804,910.51	40,332.55	894,544.20	34,954.70	18,774,741.96
Investments	1,837,826.88				1,837,826.88
Taxes Receivable--Current	53,931.66	58,982.48	38,379.44		151,293.58
Taxes Receivable--Delinquent	13,865.31	5,608.60	3,775.97		23,249.88
Due from Other Government	1,520,841.15		173,305.00	5,310,082.00	7,004,228.15
TOTAL ASSETS	21,231,375.51	104,923.63	1,110,004.61	5,345,036.70	27,791,340.45
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	327,315.66		5,820.87		333,136.53
Contracts Payable	847,408.64		106,266.75		953,675.39
Construction Contracts Payable				935,116.63	935,116.63
Payroll Deductions and Withholdings and Employer Matching Payable	81,554.82		9,581.36		91,136.18
Total Liabilities	1,256,279.12	0.00	121,668.98	935,116.63	2,313,064.73
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	13,865.31	5,608.60	3,775.97		23,249.88
Property Taxes Levied for Future Period	66,783.99	75,419.85	49,075.00		191,278.84
Total Deferred Inflows of Resources	80,649.30	81,028.45	52,850.97	0.00	214,528.72
Fund Balances:					
Restricted:					
Capital Outlay		23,895.18			23,895.18
Special Education			935,484.66		935,484.66
Capital Projects				4,409,920.07	4,409,920.07
Unassigned	19,894,447.09				19,894,447.09
Total Fund Balances	19,894,447.09	23,895.18	935,484.66	4,409,920.07	25,263,747.00
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	21,231,375.51	104,923.63	1,110,004.61	5,345,036.70	27,791,340.45

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

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds	<u>25,263,747.00</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>62,091.91</u>
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	<u>107,277,208.27</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>6,438,210.08</u>
Long-term liabilities, including direct borrowing agreements and right-to-use leases, and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(68,398,021.14)</u>
Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.	<u>23,249.88</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(4,038,172.33)</u>
Net Position - Governmental Activities	<u><u>66,628,313.67</u></u>

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

**OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	General Fund	Capital Outlay Fund	Special Education Fund	School Constr. Capital Project Fund	Total Governmental Funds
Revenues:					
Revenue from Local Sources:					
Taxes:					
Ad Valorem Taxes	128,879.62	142,292.78	95,811.14		366,983.54
Prior Years' Ad Valorem Taxes	5,815.08	4,166.15	2,704.07		12,685.30
Utility Taxes	396,646.82				396,646.82
Penalties and Interest on Taxes	2,066.79	1,362.02	868.53		4,297.34
Earnings on Investments and Deposits	293,578.46	7,290.96	16,299.92		317,169.34
Co-curricular Activities:					
Rentals	197,407.50				197,407.50
Other Revenue from Local Sources:					
Contributions and Donations	446.75		20,000.00		20,000.00
Refund of Prior Years' Expenditures					
Other	187,945.89	2,000.00	7,595.29		197,541.18
Revenue from Intermediate Sources:					
County Sources:					
County Apportionment	128.50				128.50
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid	11,205,709.42				11,205,709.42
Restricted Grants-in-Aid			2,131,317.00		2,131,317.00
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid Received	16,258,355.00				16,258,355.00
Directly from Federal Government			39,445.00		39,445.00
Restricted Grants-in-Aid Received	453,313.90				453,313.90
Directly from Federal Government					
Restricted Grants-in-Aid Received from Federal Government Through the State	8,424,390.92		873,581.00	16,174,217.00	25,472,188.92
Total Revenue	37,554,684.65	157,111.91	3,187,621.95	16,174,217.00	57,073,635.51

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

OGLELA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	School Constr. Capital Project Fund	Total Governmental Funds
Expenditures:					
Instruction:					
Regular Programs:					
Elementary	8,397,711.97	22,184.56			8,419,896.53
Middle/Junior High	24,338.27				24,338.27
High School	3,532,695.14				3,532,695.14
Preschool Services	45,000.08				45,000.08
Other Regular Programs	322,539.30				322,539.30
Special Programs:					
Programs for Special Education			2,523,313.92		2,523,313.92
Coordinated Early Intervening Services Instruction			11,794.70		11,794.70
Educationally Deprived	4,425,001.29				4,425,001.29
Support Services:					
Students:					
Attendance and Social Work	681,368.13				681,368.13
Guidance	747,815.05				747,815.05
Health	492,893.78				492,893.78
Psychological			271,062.73		271,062.73
Speech Pathology			719,692.22		719,692.22
Student Therapy Services			129,903.99		129,903.99
Instructional Staff:					
Improvement of Instruction	1,423,222.09		111,436.64		1,534,658.73
Educational Media	528,933.34	59,676.58			588,609.92
General Administration:					
Board of Education	1,170,848.85				1,170,848.85
Executive Administration	763,046.45				763,046.45
School Administration:					
Office of the Principal	1,837,476.65				1,837,476.65
Title I Program Administration	98,669.64				98,669.64
Business:					
Fiscal Services	1,119,845.11				1,119,845.11
Facilities Acquisition and Construction	137,632.22	48,750.00		1,327,567.91	1,513,950.13
Operation and Maintenance of Plant	5,074,217.75	683,009.98			5,757,227.73
Student Transportation	3,350,879.68	42,489.58			3,393,369.26
Food Services	176,234.48				176,234.48
Central:					
Staff	121,644.50				121,644.50

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

**OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	School Constr. Capital Project Fund	Total Governmental Funds
Expenditures (Cont.):					
Support Services (Cont.):					
Special Education:			269,923.98		269,923.98
Administrative Costs			183,933.38		183,933.38
Other Special Education Costs					
Community Services:					
Direction	15,208.56				15,208.56
Custody and Care of Child	404,000.62				404,000.62
Nonpublic School	487,088.74				487,088.74
Nonprogrammed Charges:					
Early Retirement Payments	52,703.01				52,703.01
Debt Services		2,148,542.51			2,148,542.51
Cocurricular Activities:					
Combined Activities	941,723.84				941,723.84
Capital Outlay	92,352.00	424,977.85		17,029,395.27	17,546,725.12
Total Expenditures	36,465,090.54	3,429,631.06	4,221,061.56	18,356,963.18	62,472,746.34
Excess of Revenue Over (Under) Expenditures	1,089,594.11	(3,272,519.15)	(1,033,439.61)	(2,182,746.18)	(5,399,110.83)
Other Financing Sources (Uses):					
Transfers In		2,000,000.00		2,000,000.00	4,000,000.00
Transfers Out	(4,500,000.00)				(4,500,000.00)
General Long-Term Debt Issued		279,211.08			279,211.08
Compensation for Loss of General Capital Assets		54,553.93			54,553.93
Total Other Financing Sources (Uses)	(4,500,000.00)	2,333,765.01	0.00	2,000,000.00	(166,234.99)
Net Change in Fund Balances	(3,410,405.89)	(938,754.14)	(1,033,439.61)	(182,746.18)	(5,565,345.82)
Fund Balance - Beginning	23,304,852.98	962,649.32	1,968,924.27	4,592,666.25	30,829,092.82
FUND BALANCE - ENDING	19,894,447.09	23,895.18	935,484.66	4,409,920.07	25,263,747.00

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

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	<u>(5,565,345.82)</u>
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.	<u>17,546,725.12</u>
This amount represents the current year depr./amort. expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(3,682,919.42)</u>
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.	<u>1,305,102.65</u>
The issuance of long-term debt is another financing source in the fund statements but an increase in long-term liabilities on the government-wide statements.	<u>(279,211.08)</u>
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 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."	<u>(1,302.35)</u>
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.	<u>(66,094.72)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (pension expense)	<u>372,674.22</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>423,246.13</u>
Change in Net Position of Governmental Activities	<u><u>10,052,874.73</u></u>

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

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2023

	Enterprise Funds
	Food Service Fund
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	57,211.72
Due from State Government	123,036.03
Inventories--Materials and Supplies	2,363.24
Inventories--Stores for Resale	24,229.48
Inventory of Donated Food	917.44
Total Current Assets	207,757.91
Noncurrent Assets:	
Capital Assets:	
Construction in Progress	489,764.71
Machinery and Equipment--Local Funds	298,871.70
Less: Accumulated Depreciation	(277,269.16)
Total Noncurrent Assets	511,367.25
TOTAL ASSETS	719,125.16
LIABILITIES:	
Current Liabilities:	
Accounts Payable	3,564.48
Unearned Revenue-Grants	21,555.50
Accrued Leave Payable-Current	15,000.00
Total Current Liabilities	40,119.98
Noncurrent Liabilities:	
Accrued Leave Payble	2,691.68
Total Noncurrent Liabilities	2,691.68
TOTAL LIABILITIES	42,811.66
NET POSITION:	
Net Investment in Capital Assets	511,367.25
Unrestricted Net Position	164,946.25
TOTAL NET POSITION	676,313.50

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

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Enterprise Funds
	Food Service Fund
Operating Revenue:	
Sales:	
Adults	35,504.25
Other Charges for Goods and Services	2,692.75
	38,197.00
Operating Expenses:	
Food Service:	
Salaries	605,809.27
Employee Benefits	252,823.41
Purchased Services	31,953.61
Supplies	78,074.62
Cost of Sales - Purchased Food	736,960.80
Cost of Sales - Donated Food	59,631.74
Depreciation	989.05
	1,766,242.50
Total Operating Expenses	1,766,242.50
Operating Income (Loss)	(1,728,045.50)
Nonoperating Revenue (Expense):	
State Grants	1,995.34
Federal Grants	1,249,117.18
Donated Food	53,706.44
	1,304,818.96
Total Nonoperating Revenue (Expense)	1,304,818.96
Income (Loss) Before Contributions and Transfers	(423,226.54)
Capital Contributions	489,764.71
Transfers In	500,000.00
	566,538.17
Change in Net Position	566,538.17
Net Position - Beginning	109,775.33
NET POSITION - ENDING	676,313.50

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

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Enterprise Funds
	Food Service Fund
Cash Flows from Operating Activities:	
Cash Receipts from Customers	38,197.00
Cash Payments to Employees for Services	(857,966.79)
Cash Payments to Suppliers of Goods and Services	(867,297.01)
Net Cash Provided (Used) by Operating Activities	(1,687,066.80)
Cash Flows from Noncapital Financing Activities:	
Transfers from General Fund	500,000.00
Operating Grants	1,134,547.56
Net Cash Provided (Used) from Noncapital Financing Activities	1,634,547.56
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(6,569.70)
Net Cash Provided by Capital and Related Financing Activities	(6,569.70)
Net Increase (Decrease) in Cash and Cash Equivalents	(59,088.94)
Cash and Cash Equivalents at Beginning of Year	116,300.66
CASH AND CASH EQUIVALENTS AT END OF YEAR	57,211.72
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	(1,728,045.50)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	989.05
Value of Donated Commodities Used	59,631.74
Change in Assets and Liabilities:	
(Increase) decrease in Inventories	6,926.24
(Decrease) increase in Accounts and Other Payables	(27,234.22)
(Decrease) increase in Accrued Leave Payable	665.89
Net Cash Provided (Used) by Operating Activities	(1,687,066.80)
Noncash Investing, Capital and Financing Activities:	
Value of Commodities Received	53,706.44
Equipment Purchased by Capital Projects Fund	489,764.71

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

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
As of June 30, 2023

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents	13,230.43
TOTAL ASSETS	13,230.43
NET POSITION:	
Restricted for:	
Organizations	13,230.43
TOTAL NET POSITION	13,230.43

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

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
STATEMENT OF CHANGES IN NET POSITON
FIDUCIARY FUNDS
For the Year Ended June 30, 2023

	Custodial Funds
ADDITIONS:	
Collections for Student Activities	45,037.21
Total Additions	45,037.21
DEDUCTIONS:	
Payments for Student Activities	61,210.79
Total Deductions	61,210.79
Change in Net Position	(16,173.58)
Net Position - Beginning	29,404.01
NET POSITON - ENDING	13,230.43

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

NOTES TO THE FINANCIAL STATEMENTS

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 Oglala Lakota County School District No. 65-1 (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.

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 and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net position is displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

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

Fund Financial Statements:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

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

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

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The School Construction Capital Projects Fund is the only capital projects fund maintained by the School District. 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.)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

- 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 are never considered to be major funds.

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

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 fund types, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-wide Financial Statements:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 all the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Oglala Lakota County School District No. 65-1, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2023 are grants from other governments and utility taxes.

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

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

All proprietary 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. Deposits and Investments:

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.

Investments classified in the financial statements consist entirely of (primarily) certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

e. Capital Assets:

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

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

Government-Wide 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 acquisition value on the date donated.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Interest costs incurred during the construction of capital assets are not capitalized along with other capital asset costs.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depr./Amort. Method	Estimated Useful Life
Land	\$ 1.00	----N/A----	----N/A----
Improvements	\$ 5,000.00	Straight-line	15-50 yrs.
Buildings	\$ 5,000.00	Straight-line	15-50 yrs.
Machinery & Equipment	\$ 5,000.00	Straight-line	15-50 yrs.
Food Service Equipment	\$ 5,000.00	Straight-line	3-20 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the 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.

f. Leases:

The School District is a lessee for a noncancellable lease of buildings, land, office space and copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities that are deemed material.

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

Lease assets are reported with other intangible assets and lease liabilities are reported with long-term liabilities on the statement of net position.

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 statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of compensated absences, direct borrowings, and leases payable.

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 liabilities is on the accrual basis, the same in the fund statements as in the government-wide statements.

h. Program Revenues:

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

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

i. Deferred Inflows and Deferred Outflows 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 inflow of resources until the applicable future period.

j. 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 and expenses.

k. 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.

l. Equity Classifications:

Government-wide 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 its 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 does not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements:

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

m. 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 is available.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

n. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed 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 or committed. Fund Balance may be assigned by the Business Manager.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

The purpose of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund:</u>	<u>Revenue Source:</u>
Capital Outlay	Real Estate Taxes and Grants
Special Education	Real Estate Taxes, State Aid, and Grants

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

As of June 30, 2023, the School District did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

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.

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

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

3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year.

4. INVENTORY

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

In the Government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

In the fund financial statements, inventories in the General Fund, special revenue funds, and proprietary funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed in the General Fund, the special revenue funds, and the proprietary funds. At June 30, 2023, the supplies inventory on hand was not material in the General Fund and special revenue funds.

5. PROPERTY TAXES

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

6. CHANGES IN CAPITAL ASSETS

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

Primary Government

	Balance 07/01/2022	Increases	Decreases	Balance 06/30/2023
Primary Government:				
Governmental Activities:				
Capital Assets, not being depreciated/amort.:				
Land	77,700.00			77,700.00
Construction Work in Progress	7,959,463.68	17,029,395.27		24,988,858.95
Total, not being depreciated/amortized	<u>8,037,163.68</u>	<u>17,029,395.27</u>	<u>0.00</u>	<u>25,066,558.95</u>
Capital Assets, being depreciated/amortized:				
Improvements	2,865,399.63	15,854.00		2,881,253.63
Buildings	54,385,912.07			54,385,912.07
Machinery & Equipment	11,993,647.84	501,475.85		12,495,123.69
Intangible Right to Use Assets	42,837,088.00			42,837,088.00
Total, being depreciated/amortized	<u>112,082,047.54</u>	<u>517,329.85</u>	<u>0.00</u>	<u>112,599,377.39</u>
Less Accumulated Depreciation/Amort. for:				
Improvements	(1,442,776.16)	(142,381.49)		(1,585,157.65)
Buildings	(14,863,431.34)	(1,059,659.27)		(15,923,090.61)
Machinery & Equipment	(8,769,129.63)	(850,407.14)		(9,619,536.77)
Intangible Right to Use Assets	(1,630,471.52)	(1,630,471.52)		(3,260,943.04)
Total Accumulated Depreciation/Amortization	<u>(26,705,808.65)</u>	<u>(3,682,919.42)</u>	<u>0.00</u>	<u>(30,388,728.07)</u>
Total Capital Assets, being deprec./amort., net	<u>85,376,238.89</u>	<u>(3,165,589.57)</u>	<u>0.00</u>	<u>82,210,649.32</u>
Governmental Activity Capital Assets, Net	<u>93,413,402.57</u>	<u>13,863,805.70</u>	<u>0.00</u>	<u>107,277,208.27</u>

Depreciation/Amortization expense was charged to functions as follows:

Governmental Activities:	
Instruction	2,663,705.66
Support Services	1,019,213.76
Total Depreciation/Amortization Expense - Governmental Activities	<u>3,682,919.42</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Balance 07/01/22	Increases	Decreases	Balance 06/30/23
Business-Type Activities:				
Capital Assets, not being depreciated/amortized:				
Construction Work in Progress	0.00	489,764.71		489,764.71
Total, not being depreciated/amortized	0.00	489,764.71	0.00	489,764.71
Capital Assets, being depreciated/amortized:				
Machinery & Equipment	292,302.00	6,569.70		298,871.70
Total, being depreciated/amortized	292,302.00	6,569.70	0.00	298,871.70
Less Accumulated Depreciation/Amortization for:				
Machinery & Equipment	(276,280.11)	(989.05)		(277,269.16)
Total Accumulated Depreciation/Amortization	(276,280.11)	(989.05)	0.00	(277,269.16)
Business-Type Activity Capital Assets, Net	16,021.89	495,345.36	0.00	511,367.25

Depreciation/Amortization expense was charged to functions as follows:

Business-type Activities:	
Food Services	989.05
Total Depreciation/Amortization Expense - Business-type Activities	989.05

Construction Work in Progress at June 30, 2023 is composed of the following:

	Project Authorization	Expended Thru 6/30/23	Committed	Required Future Financing
Primary Government:				
Housing Project	21,202,125.00	9,685,654.69	11,516,470.31	0.00
Water Tower	4,747,111.00	1,382,221.46	3,364,889.54	0.00
Wolf Creek Expansion	6,801,139.00	5,008,651.62	1,792,487.38	0.00
CTE Daycare	11,366,813.00	8,089,913.78	3,276,899.22	0.00
Athletic Field	6,964,349.00	671,167.40	6,293,181.60	0.00
Automotive Shop	275,000.00	151,250.00	123,750.00	0.00
Total Primary Government	51,356,537.00	24,988,858.95	26,367,678.05	0.00
Business-Type Activities:				
Kitchen Equipment	791,906.14	489,764.71	302,141.43	0.00
Total Business-Type Activities	791,906.14	489,764.71	302,141.43	0.00

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental Activities:					
Direct Borrowing					
Agreements - HP Network Switch	118,525.57		118,525.57	0.00	0.00
Direct Borrowing Refunding					
Agreement - Credit Enhancement	12,557,196.00		542,775.00	12,014,421.00	560,558.00
Direct Borrowing Agreement					
- Credit Enhancement	13,220,146.00		535,122.00	12,685,024.00	556,632.00
Right-To-Use Leases Payable:					
Wolf Creek School Lease	17,046,916.00	118,610.04	18,814.04	17,146,712.00	(101,405.00)
CTE School Lease	22,873,847.00	160,601.04	5,875.04	23,028,573.00	(157,221.00)
Copier Lease	114,777.00		53,991.00	60,786.00	56,023.00
Patti Chief Land Lease	3,000,000.00		30,000.00	2,970,000.00	30,000.00
Total Debt	<u>68,931,407.57</u>	<u>279,211.08</u>	<u>1,305,102.65</u>	<u>67,905,516.00</u>	<u>944,587.00</u>
Accrued Compensated Absences	<u>426,410.42</u>	<u>612,822.68</u>	<u>546,727.96</u>	<u>492,505.14</u>	<u>200,000.00</u>
Total Governmental Activities	<u>69,357,817.99</u>	<u>892,033.76</u>	<u>1,851,830.61</u>	<u>68,398,021.14</u>	<u>1,144,587.00</u>
Business-Type Activities:					
Accrued Compensated Absences	<u>17,025.79</u>	<u>16,539.70</u>	<u>15,873.84</u>	<u>17,691.65</u>	<u>15,000.00</u>
Total Business-Type Activities	<u>17,025.79</u>	<u>16,539.70</u>	<u>15,873.84</u>	<u>17,691.65</u>	<u>15,000.00</u>
TOTAL PRIMARY GOVERNMENT	<u>69,374,843.78</u>	<u>908,573.46</u>	<u>1,867,704.45</u>	<u>68,415,712.79</u>	<u>1,159,587.00</u>

Compensated absences for governmental activities typically have been liquidated from the General Fund, Special Education Fund, and Food Service Fund.

Liabilities Payable at June 30, 2023, is comprised of the following:

PRIMARY GOVERNMENT

Governmental Activities:

Compensated Absences:

Payable from General Fund	\$ 444,228.84
Payable from Special Education Fund	\$ 48,276.30
Payable from Food Service Fund	\$ 17,691.65

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Direct Borrowing Agreements:

Credit Enhancement Refunding:	
Two School Building	\$12,014,421.00
Maturity Date August 1, 2039,	
Fixed Interest Rate 3.25%	
Paid by Capital Outlay Fund	

Credit Enhancement Leases:	
Two School Buildings	\$12,685,024.00
Maturity Date August 1, 2039,	
Fixed Interest Rate 3.98%	
Paid by Capital Outlay Fund	

Right-To-Use Lease Payable – Wolf Creek School	\$17,146,712.00
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The School District entered into an agreement for Wolf Creek School with GROW Wolf Creek School, LLC. The lease has a termination option but is also extendable with all remaining payments for the unexpired term, plus booked residual both discounted at 1.6% annum.

Right-To-Use Lease Payable – CTE School	\$23,028,573.00
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The School District entered into an agreement for CTE School with GROW CTE, LLC. The lease has a termination option but is also extendable with all remaining payments for the unexpired term, plus booked residual both discounted at 1.6% annum.

Right-To-Use Lease Payable – Copiers	\$ 60,786.00
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The School District entered into an agreement for copiers with Century Business Products. The lease is non-cancelable and non-extendable. All remaining payments for the unexpired term, plus booked residual both discounted at 3.7% annum.

Right-To-Use Lease Payable – Patti Chief Land	\$ 2,970,000.00
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The School District entered into a land lease with Patti Chief. The lease has a termination option and an option to extend with all remaining payments for the unexpired term, plus booked residual both discounted at 0% annum.

The annual debt service requirements to maturity, except for compensated absences, for all long term liabilities outstanding as of June 30, 2023 are as follows:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Oglala Lakota County School District No. 65-1
Annual Requirements to Maturity for Long-Term Liabilities
June 30, 2023

Year Ending June 30,	Direct Borrowing Agreement - Credit Enhanced Bonds		Direct Borrowing Refunding Agreement - Credit Enhanced Bonds		Copier Right-To-Use Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	560,558.00	385,950.86	556,632.00	499,380.04	56,023.00	1,301.00
2025	578,924.00	367,584.70	579,006.00	477,005.65	4,763.00	14.00
2026	597,893.00	348,616.79	602,280.00	453,731.92		
2027	617,482.00	329,027.37	626,490.00	429,522.65		
2028	637,713.00	308,796.17	651,672.00	404,340.26		
2029-2033	9,021,851.00	423,804.83	9,668,944.00	557,068.11		
Totals	12,014,421.00	2,163,780.72	12,685,024.00	2,821,048.63	60,786.00	1,315.00

Year Ending June 30,	Wolf Creek School Right-To-Use Lease		CTE School Right-To-Use Lease	
	Principal	Interest	Principal	Interest
2024	(101,405.00)	276,405.00	(157,221.00)	371,221.00
2025	(103,040.00)	278,040.00	(159,755.00)	373,755.00
2026	(104,701.00)	279,701.00	(162,330.00)	376,330.00
2027	843,612.00	281,388.00	(164,947.00)	378,947.00
2028	857,211.00	267,789.00	858,394.00	381,606.00
2029-2033	4,497,835.00	1,127,165.00	4,504,045.00	1,695,955.00
2034-2038	4,872,240.00	752,760.00	4,878,966.00	1,321,034.00
2039-2043	5,277,808.00	347,192.00	5,285,094.00	914,906.00
2044-2048	1,107,152.00	17,848.00	5,725,029.00	474,971.00
2049-2053			2,421,298.00	58,702.00
Totals	17,146,712.00	3,628,288.00	23,028,573.00	6,347,427.00

Year Ending June 30,	Patti Chief Right-To-Use Land Lease		Totals	
	Principal	Interest	Principal	Interest
2024	30,000.00		944,587.00	1,534,257.90
2025	30,000.00		929,898.00	1,496,399.35
2026	30,000.00		963,142.00	1,458,379.71
2027	30,000.00		1,952,637.00	1,418,885.02
2028	30,000.00		3,034,990.00	1,362,531.43
2029-2033	150,000.00		27,842,675.00	3,803,992.94
2034-2038	150,000.00		9,901,206.00	2,073,794.00
2039-2043	150,000.00		10,712,902.00	1,262,098.00
2044-2048	150,000.00		6,982,181.00	492,819.00
2049-2053	150,000.00		2,571,298.00	58,702.00
2054-2058	150,000.00		150,000.00	0.00
2059-2063	150,000.00		150,000.00	0.00
2064-2068	150,000.00		150,000.00	0.00
2069-2073	150,000.00		150,000.00	0.00
2074-2078	150,000.00		150,000.00	0.00
2079-2083	150,000.00		150,000.00	0.00
2084-2088	150,000.00		150,000.00	0.00
2089-2093	150,000.00		150,000.00	0.00
2094-2098	150,000.00		150,000.00	0.00
2099-2103	150,000.00		150,000.00	0.00
2104-2108	150,000.00		150,000.00	0.00
2109-2113	150,000.00		150,000.00	0.00
2114-2118	150,000.00		150,000.00	0.00
2119-2123	120,000.00		120,000.00	0.00
Totals	2,970,000.00	0.00	67,905,516.00	14,410,338.35

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. RESTRICTED NET POSITION

Restricted net position for the fiscal year ended June 30, 2023, was as follows:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Funds:		
Capital Outlay	Law	\$ 29,503.78
Special Education	Law	890,984.33
Capital Projects	Law	4,409,920.07
SDRS Pension	Governmental Accounting Standards	2,462,129.96
Total Restricted Net Position		<u><u>\$ 7,792,538.14</u></u>

9. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023, were as follows:

<u>Transfers From:</u>	<u>Transfers To:</u>			<u>Totals</u>
	<u>Capital Outlay Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	
<u>General Fund</u>	<u>2,000,000.00</u>	<u>2,000,000.00</u>	<u>500,000.00</u>	<u>4,500,000.00</u>
<u>Totals</u>	<u>2,000,000.00</u>	<u>2,000,000.00</u>	<u>500,000.00</u>	<u>4,500,000.00</u>

The School District typically budgets transfers from the General Fund to conduct the indispensable functions of the School District.

10. PENSION PLAN

Plan Information:

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

Benefits Provided:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 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.

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 restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2023, 2022, and 2021 were \$1,288,457.89, \$915,783.67, and \$507,148.40, respectively, equal to the required contributions each year.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

Proportionate share of pension liability	\$ 92,748,164.77
Less proportionate share of net pension restricted for pension benefits	<u>\$ 92,810,256.68</u>
Proportionate share of net pension liability (asset)	<u>\$ (62,091.91)</u>

At June 30, 2023, the School District reported a liability (asset) of \$(62,091.91) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the School District's proportion was 0.65701400%, which is an increase (decrease) of 0.3025747% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense (reduction of pension expense) of \$(795,920.35). At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 1,181,967.35	\$ 4,030.82
Changes in assumption.	\$ 3,946,373.95	\$ 3,458,469.03
Net Difference between projected and actual earnings on pension plan investments.		\$ 148,801.49
Changes in proportion and difference between School district contributions and proportionate share of contributions.	\$ 21,410.89	\$ 426,870.99
School District contributions subsequent to the measurement date.	<u>\$ 1,288,457.89</u>	
TOTAL	<u><u>\$ 6,438,210.08</u></u>	<u><u>\$ 4,038,172.33</u></u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

\$1,288,457.89 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended	
June 30:	
2024	\$ 297,249.90
2025	\$ 742,171.16
2026	\$ (1,109,014.32)
2027	<u>\$ 1,181,173.12</u>
TOTAL	<u>\$ 1,111,579.86</u>

Actuarial Assumptions:

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

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

Mortality Rates

- All mortality rates based on Pub-2010 amount-weighted mortality tables, projected Generationally with improvement scale MP-2020
- Active and Terminated Vested Members:
 - Teachers, Certified Regents, and Judicial PubT-2010
 - Other Class A Members: PubG-2010
 - Public Safety Members: PubS-2010
- Retired Members:
 - Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
 - Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above.
 - Public Safety Retirees: PubS-2010, 102% of rates at all ages.
- Beneficiaries:
 - PubG-2010 contingent survivor mortality table
- Disabled Members:
 - Public Safety: PubS-2010 disabled member mortality table
 - Others: PubG-2010 disabled member mortality table

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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, 2022 (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%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	100%	2.70%

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 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).

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District’s proportionate share of the net pension liability (asset)	\$12,892,821.23	\$(62,091.91)	\$(10,649,678.91)

Pension Plan Fiduciary Net Position:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. EARLY RETIREMENT BENEFITS

Any certified employee who has served in the School District for 15 years may elect early retirement of 75% of present salary beginning at age 60. Termination year is the first school year that the retiree is not working. A maximum of three employees per year will be accepted with an option for the board to allow additional retirees.

Payment of the net amount benefit will be one lump sum on the payday of the first pay period of July of the termination year or one-third of the amount on July 1 following retirement, one-third on each subsequent July 1, until paid in full.

12. RISK MANAGEMENT

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

Employee Health Insurance:

The School District purchases health insurance coverage to from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

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

The agreement with the ASBSD-PLF provides that the above coverages will be provided to a \$300,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The School District carries a \$500 deductible for the property coverage and \$1,000 deductible for the errors and omissions coverage.

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

Workers' Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer on behalf of the member organizations, a

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

program of workers' compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide workers' compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to \$1,000,000 per individual per incident.

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

Unemployment Benefits:

The School District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

13. SIGNIFICANT CONTINGENCIES – LITIGATION

A matter involves a potential claim regarding a motor vehicle accident involving a school bus owned by the School District and a car carrying an adult and two children. The adult and one child perished in the accident. However, legal counsel has indicated that based on the opinion of the investigating law enforcement officer, the School District was not at fault. While this is still pending, legal counsel estimates a favorable outcome to the School District.

A matter involves a potential claim alleging retaliation and discrimination against an employee of the School District. This matter remains pending but legal counsel anticipates a favorable outcome to the School District.

A matter involving a potential claim for wrongful termination is being made by an employee. The insurance carrier has been notified of this claim.

Two potential claims involving students injured while on school activities have been filed. The matters have been referred to the School District's insurance carrier.

Two administrative claims have been filed with the South Dakota Department of Labor for unpaid wages while on suspension. The School District denies these claims and will vigorously contest them.

14. VIOLATIONS OF CONTRACTUAL AGREEMENTS

As part of an agreement with the South Dakota Department of Education, the School District is required to have approval signatures by an outside consultant on each Title I purchase order or voucher. As part of the tests of expenditures we examined vouchers for payment of the School District. Several of the

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

expenditure vouchers examined were for Title I Program expenditures. Several of the Title I vouchers were examined and approved for payment by the consultant. The School District has made progress in meeting the terms of their agreement.

15. OTHER PERTINENT INFORMATION

Oglala Lakota County School District explored an arrangement with other entities to build new school buildings. The financing vehicle has been finalized. Payments are right-to-use lease expenses. This note has been added to make the reader of this audit aware of the uniqueness of the financing of these projects. It is not intended to encompass the details of the financing, which are contained in agreements which are on file at the School District.

16. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through November 27, 2024, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	126,575.00	126,575.00	128,879.62	2,304.62
Prior Years' Ad Valorem Taxes	3,000.00	6,500.00	5,815.08	(684.92)
Utility Taxes	435,000.00	397,000.00	396,646.82	(353.18)
Penalties and Interest on Taxes	3,000.00	4,500.00	2,066.79	(2,433.21)
Cocurricular Activities:				
Rentals	75,000.00	165,000.00	197,407.50	32,407.50
Other Revenue from Local Sources:				
Contributions and Donations	50,000.00	25,000.00	0.00	(25,000.00)
Refund of Prior Years' Expenditures	0.00	0.00	446.75	446.75
Other	100,000.00	175,000.00	187,945.89	12,945.89
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	3,000.00	3,000.00	128.50	(2,871.50)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	12,307,425.00	11,215,030.00	11,205,709.42	(9,320.58)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received Directly from Federal Government	351,850.00	751,850.00	453,313.90	(298,536.10)
Restricted Grants-in-Aid Received from Federal Government Through the State	17,584,185.00	17,484,620.00	8,424,390.92	(9,060,229.08)
Total Revenue	31,039,035.00	30,354,075.00	21,002,751.19	(9,351,323.81)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	19,317,119.50	18,413,319.50	8,397,711.97	10,015,607.53
Middle/Junior High	0.00	45,000.00	24,338.27	20,661.73
High School	2,756,974.00	3,903,362.00	3,532,695.14	370,666.86
Preschool Services	901,739.00	901,739.00	45,000.08	856,738.92
Other Regular Programs	527,583.36	527,583.36	322,539.30	205,044.06
Special Programs:				
Educationally Deprived	4,668,829.32	4,871,228.00	4,425,001.29	446,226.71
Support Services:				
Students:				
Attendance and Social Work	276,500.00	632,480.00	681,368.13	(48,888.13)
Guidance	996,900.47	1,065,351.47	747,815.05	317,536.42
Health	687,525.08	971,275.08	492,893.78	478,381.30

REQUIRED SUPPLEMENTARY INFORMATION
OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Cont.):				
Support Services:				
Instructional Staff:				
Improvement of Instruction	418,249.50	1,244,279.50	1,423,222.09	(178,942.59)
Educational Media	546,338.50	576,338.50	572,185.34	4,153.16
General Administration:				
Board of Education	1,347,360.00	1,347,360.00	1,170,848.85	176,511.15
Executive Administration	926,762.50	926,762.50	763,046.45	163,716.05
School Administration:				
Office of the Principal	2,498,623.88	2,582,623.88	1,837,476.65	745,147.23
Title I Program Administration	588,158.00	105,310.00	98,669.64	6,640.36
Other	120,000.00	120,000.00	0.00	120,000.00
Business:				
Fiscal Services	1,104,295.50	1,104,295.50	1,119,845.11	(15,549.61)
Facilities Acquisition and Construction	31,380.00	788,004.00	137,632.22	650,371.78
Operation and Maintenance of Plant	4,681,745.03	5,881,396.03	5,108,682.75	772,713.28
Student Transportation Services	3,505,441.50	3,527,566.50	3,350,879.68	176,686.82
Food Services	110,000.00	115,000.00	176,234.48	(61,234.48)
Central:				
Staff	0.00	171,000.00	121,644.50	49,355.50
Community Services:				
Direction	24,300.00	24,300.00	15,208.56	9,091.44
Custody and Care of Children	4,000.00	441,000.00	418,635.62	22,364.38
Nonpublic School	1,323,051.00	669,398.00	487,088.74	182,309.26
Nonprogrammed Charges:				
Early Retirement Payments	161,475.00	161,475.00	52,703.01	108,771.99
Cocurricular Activities:				
Combined Activities	798,592.50	851,592.50	941,723.84	(90,131.34)
Total Expenditures	48,322,943.64	51,969,040.32	36,465,090.54	15,503,949.78
Excess of Revenue Over (Under)				
Expenditures	(17,283,908.64)	(21,614,965.32)	(15,462,339.35)	6,152,625.97
Other Financing Sources (Uses):				
Transfers In	17,768,175.00	23,605,964.96	13,000,000.00	(10,605,964.96)
Total Other Financing Sources (Uses)	17,768,175.00	23,605,964.96	13,000,000.00	(10,605,964.96)
Net Change in Fund Balances	484,266.36	1,990,999.64	(2,462,339.35)	(4,453,338.99)
Fund Balance - Beginning	3,152,461.68	3,152,461.68	3,152,461.68	0.00
FUND BALANCE - ENDING	3,636,728.04	5,143,461.32	690,122.33	(4,453,338.99)

REQUIRED SUPPLEMENTARY INFORMATION
OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	149,572.00	149,572.00	142,292.78	(7,279.22)
Prior Years' Ad Valorem Taxes	3,500.00	4,500.00	4,166.15	(333.85)
Penalties and Interest on Taxes	1,500.00	1,500.00	1,362.02	(137.98)
Earnings on Investments and Deposits	200.00	1,300.00	7,290.96	5,990.96
Other Revenue from Local Sources:				
Other	5,000.00	5,000.00	2,000.00	(3,000.00)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government through	1,817,281.00	1,817,281.00	0.00	(1,817,281.00)
Total Revenue	1,977,053.00	1,979,153.00	157,111.91	(1,822,041.09)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	115,000.00	115,000.00	22,184.56	92,815.44
High School	1,417,281.00	1,417,281.00	0.00	1,417,281.00
Support Services:				
Instructional Staff:				
Educational Media	127,000.00	232,000.00	238,040.44	(6,040.44)
Business:				
Facilities Acquisition and Construction	255,000.00	305,000.00	48,750.00	256,250.00
Operation and Maintenance of Plant	488,000.00	518,000.00	698,863.98	(180,863.98)
Student Transportation Services	570,000.00	570,000.00	273,249.57	296,750.43
Food Service	400,000.00	400,000.00	0.00	400,000.00
Debt Services	2,427,551.00	2,427,551.00	2,148,542.51	279,008.49
Total Expenditures	5,799,832.00	5,984,832.00	3,429,631.06	2,555,200.94
Excess of Revenue Over (Under) Expenditures	(3,822,779.00)	(4,005,679.00)	(3,272,519.15)	733,159.85
Other Financing Sources (Uses):				
Transfers In	3,812,779.00	3,995,679.00	2,000,000.00	(1,995,679.00)
Proceeds of General Long-term Liabilities	0.00	0.00	279,211.08	279,211.08
Compensation for Loss of General Capital Assets	10,000.00	10,000.00	54,553.93	44,553.93
Total Other Financing Sources (Uses)	3,822,779.00	4,005,679.00	2,333,765.01	(1,671,913.99)
Net Change in Fund Balances	0.00	0.00	(938,754.14)	(938,754.14)
Fund Balance - Beginning	962,649.32	962,649.32	962,649.32	0.00
FUND BALANCE - ENDING	962,649.32	962,649.32	23,895.18	(938,754.14)

REQUIRED SUPPLEMENTARY INFORMATION
OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	84,588.00	84,588.00	95,811.14	11,223.14
Prior Years' Ad Valorem Taxes	1,600.00	3,100.00	2,704.07	(395.93)
Penalties and Interest on Taxes	700.00	900.00	868.53	(31.47)
Earnings on Investments and Deposits	150.00	14,650.00	16,299.92	1,649.92
Other Revenue from Local Sources:				
Contributions and Donations	2,000.00	2,000.00	20,000.00	18,000.00
Other	0.00	7,500.00	7,595.29	95.29
Revenue from State Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid	2,510,794.00	2,131,317.00	2,131,317.00	0.00
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received Directly from Federal Government	300,000.00	300,000.00	39,445.00	(260,555.00)
Restricted Grants-in-Aid Received from Federal Government Through the State	944,992.00	1,060,140.00	873,581.00	(186,559.00)
Total Revenue	3,844,824.00	3,604,195.00	3,187,621.95	(416,573.05)
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education Coordinated Early Intervening Services Instruction	3,821,801.04	4,024,801.04	2,523,313.92	1,501,487.12
	0.00	0.00	11,794.70	(11,794.70)
Support Services:				
Students:				
Attendance and Social Work	5,000.00	5,000.00	0.00	5,000.00
Psychological	281,333.41	364,333.41	271,062.73	93,270.68
Speech Pathology	680,523.07	801,523.07	719,692.22	81,830.85
Student Therapy Services	145,000.00	145,000.00	129,903.99	15,096.01
Instructional Staff:				
Improvement of Instruction	47,467.00	47,467.00	111,436.64	(63,969.64)
Special Education:				
Administrative Costs	203,959.97	282,959.97	269,923.98	13,035.99
Transportation Costs	7,500.00	7,500.00	0.00	7,500.00
Other Special Education Costs	0.00	0.00	183,933.38	(183,933.38)
Total Expenditures	5,192,584.49	5,678,584.49	4,221,061.56	1,457,522.93
Excess of Revenue Over (Under) Expenditures	(1,347,760.49)	(2,074,389.49)	(1,033,439.61)	1,040,949.88
Other Financing Sources (Uses):				
Transfers In	1,347,974.00	2,074,389.49	0.00	(2,074,389.49)
Total Other Financing Sources (Uses)	1,347,974.00	2,074,389.49	0.00	(2,074,389.49)
Net Change in Fund Balances	213.51	0.00	(1,033,439.61)	(1,033,439.61)
Fund Balance - Beginning	1,968,924.27	1,968,924.27	1,968,924.27	0.00
FUND BALANCE - ENDING	1,969,137.78	1,968,924.27	935,484.66	(1,033,439.61)

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.

Note 1. Budgets and Budgetary Accounting:

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

1. Prior to the first regular 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 by 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.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
11. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

(Continued)

12. The following reconciles the USGAAP Basis fund balance to the Budgetary Basis fund balance:

	Year Ended 6/30/2023
General Fund:	
USGAAP Basis Fund Balance	\$ 19,894,447.09
(Deduct) Impact Aid Revenue	(16,551,933.46)
Impact Aid Beginning Balance	(20,152,391.30)
Impact Aid Transfer Out	17,500,000.00
Net Adjustment to GAAP Basis Fund Balance	(19,204,324.76)
Budgetary Basis Fund Balance	\$ 690,122.33

Note 2. GAAP/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Student Transportation function of government, along with all other current Student Transportation related expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last 9 Fiscal Years *

	<u>District's proportion of the net pension liability/asset</u>	<u>District's proportionate share of net pension liability (asset)</u>	<u>District's covered- employee payroll</u>	<u>District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>
2023	0.6570140%	\$ (62,092)	\$ 15,270,546	0.41%	100.10%
2022	0.3734620%	\$ (2,860,080)	\$ 8,450,392	33.85%	105.52%
2021	0.3544393%	\$ (15,393)	\$ 7,660,621	0.20%	100.04%
2020	0.3882243%	\$ (41,141)	\$ 8,159,984	0.50%	100.09%
2019	0.3862227%	\$ (9,008)	\$ 7,926,976	0.11%	100.02%
2018	0.3660303%	\$ (33,218)	\$ 7,443,931	0.45%	100.10%
2017	0.3364512%	\$ 1,136,499	\$ 6,390,056	17.79%	96.89%
2016	0.3665410%	\$ (1,554,605)	\$ 6,674,254	23.29%	104.10%
2015	0.3924363%	\$ (2,827,343)	\$ 6,859,265	41.22%	107.30%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 06/30 of the previous year.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS

South Dakota Retirement System

Last 9 Fiscal Years *

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2023	\$ 1,288,458	\$ 1,288,458	\$ -	\$ 21,469,295	6.00%
2022	\$ 915,784	\$ 915,784	\$ -	\$ 15,270,546	6.00%
2021	\$ 507,148	\$ 507,148	\$ -	\$ 8,450,392	6.00%
2020	\$ 459,436	\$ 459,436	\$ -	\$ 7,660,621	6.00%
2019	\$ 489,595	\$ 489,595	\$ -	\$ 8,159,984	6.00%
2018	\$ 475,620	\$ 475,620	\$ -	\$ 7,926,976	6.00%
2017	\$ 446,024	\$ 446,024	\$ -	\$ 7,443,931	5.99%
2016	\$ 383,397	\$ 383,397	\$ -	\$ 6,390,056	6.00%
2015	\$ 401,520	\$ 401,520	\$ -	\$ 6,674,254	6.02%

* Until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

**Notes to Required Supplementary Information
for the Year Ended June 30, 2023**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

Changes from Prior Valuation

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

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

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

**Notes to Required Supplementary Information
for the Year Ended June 30, 2023**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

(Continued)

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

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

Actuarial Method Changes

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

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Expenditures FY 2023
US Department of Agriculture:			
Pass-Through the SD Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	2023SD310N1099	64,662.74
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	2023SD310N1099	358,064.20
National School Lunch Program (Note 3)	10.555	2023SD310N1099	891,052.98
<i>Total for Child Nutrition Cluster</i>			1,313,779.92
Fresh Fruit and Vegetable Program	10.582	2023SD310N1099	89,123.85
Total US Department of Agriculture			1,402,903.77
Federal Communications Commission			
Emergency Connectivity Program			
Emergency Connectivity Program	32.009		241,888.00
Total Federal Communications Commission			241,888.00
General Services Administration:			
Pass-Through the SD Federal Property Agency:			
Donation of Federal Surplus Personal Property (Note 5)	39.003		521.88
Total General Services Administration			521.88
US Department of Education:			
Direct Federal Funding:			
Impact Aid (Note 4)	84.041		17,539,445.00
Indian Education - Grants to Local Educational Agencies(Title VII)	84.060		453,313.90
Pass-Through the SD Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027A	H027A220091	852,065.00
Special Education - Preschool Grants	84.173A	H173A220091	21,516.00
<i>Total for Special Education Cluster</i>			873,581.00
Title I Grants to Local Educational Agencies (Note 4)	84.010	S010A220041	5,075,490.00
Vocational Education - Basic Grants to States	84.048	V048A220041	85,324.00
Rural Education	84.358		16,799.00
Supporting Effective Instruction State Grants	84.367	S367A220039	382,101.00
School Support and Academic Enrichment Grants (Note 4)	84.424		561,869.00
Elementary and Secondary School Emergency Relief Fund (Note 4)	84.425D	S425D220050	10,296,224.00
Elementary and Secondary School Emergency Relief Fund (Note 4)	84.425U		7,189,331.00
American Rescue Plan-Homeless Children & Youth (Note 4)	84.425W		67,620.00
Total US Department of Education			42,541,097.90
US Department of Health and Human Services - Pass-Through Programs From:			
SD Department of Social Services:			
Child Care Development and Block Grants	93.575		442,847.07
Total US Department of Health and Human Services			442,847.07
GRAND TOTAL			\$44,629,258.62

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal ALN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures FY 2023</u>
US Department of Agriculture:			
Pass-Through the SD Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program (Note 4)	10.555	20233SD310N1099	64,662.74
Cash Assistance:			
School Breakfast Program (Note 3)(Note 4)	10.553	20233SD310N1099	358,064.20
National School Lunch Program (Note 3)(Note 4)	10.555	20233SD310N1099	891,052.98
Fresh Fruit and Vegetable Program (Note 4)	10.582	20233SD310N1099	89,123.85
<i>Total for Child Nutrition Cluster</i>			<u>1,402,903.77</u>
Total US Department of Agriculture			<u>1,402,903.77</u>
Federal Communications Commission			
Emergency Connectivity Program			
Emergency Connectivity Program	32.009		241,888.00
Total Federal Communications Commission			<u>241,888.00</u>
General Services Administration:			
Pass-Through the SD Federal Property Agency:			
Donation of Federal Surplus Personal Property (Note 5)	39.003		521.88
Total General Services Administration			<u>521.88</u>
US Department of Education:			
Direct Federal Funding:			
Impact Aid	84.041		17,539,445.00
Indian Education - Grants to Local Educational Agencies(Title VII)	84.060		453,313.90
Pass-Through the SD Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027A	H027A220091	852,065.00
Special Education - Preschool Grants	84.173A	H173A220091	21,516.00
<i>Total for Special Education Cluster</i>			<u>873,581.00</u>
Title I Grants to Local Educational Agencies (Note 4)	84.010	S010A220041	5,075,490.00
Vocational Education - Basic Grants to States	84.048	V048A220041	85,324.00
Rural Education	84.358		16,799.00
Supporting Effective Instruction State Grants	84.367	S367A220039	382,101.00
School Support and Academic Enrichment Grants	84.424		561,869.00
Elementary and Secondary School Emergency Relief Fund (Note 4)	84.425D	S425D220050	10,296,224.00
Elementary and Secondary School Emergency Relief Fund (Note 4)	84.425U		7,189,331.00
American Rescue Plan-Homeless Children & Youth (Note 4)	84.425W		67,620.00
Total US Department of Education			<u>42,541,097.90</u>
US Department of Health and Human Services - Pass-Through Programs From:			
SD Department of Social Services:			
Child Care Development and Block Grants	93.575		442,847.07
Total US Department of Health and Human Services			<u>442,847.07</u>
GRAND TOTAL			<u>\$44,629,258.62</u>

OGLALA LAKOTA COUNTY SCHOOL DISTRICT NO. 65-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Federal Reimbursement

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

Note 4: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.

Note 5: Federal Surplus Property

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the School District.