TIMBER LAKE SCHOOL DISTRICT NO. 20-3
TIMBER LAKE, SOUTH DAKOTA
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2023

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
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CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Independent Auditor's Report

School Board
Timber Lake School District No. 20-3
Timber Lake, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Timber Lake School District No. 20-3, 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 September 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing 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 Timber Lake 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 control 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 significant deficiencies or material weaknesses and therefore, material weaknesses or signifcant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2023-001, 2023-002, and 2023-003 to be material weaknesses.

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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 that are required to be reported under Government Auditing Standards.

School District's Response to Findings

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

Purpose of this Report

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

Cahill Bauer

Mobridge, South Dakota
September 25, 2023

CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Independent Auditor's Report

School Board
Timber Lake School District No 20-3
Timber Lake, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Timber Lake School District No. 20-3's, 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 Timber Lake School District No. 20-3 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*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 and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

1. exercise professional judgment and maintain professional skepticism throughout the audit.

2. identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

3. 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Purpose of 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 purposes. 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.

Cahill Barnes

Mobridge, South Dakota
September 25, 2023

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
AS OF JUNE 30, 2023 AND FOR THE YEAR THEN ENDED

PRIOR FEDERAL AUDIT FINDINGS

No prior year federal audit findings were reported.

PRIOR OTHER FEDERAL AUDIT FINDINGS

Finding Number 2022-001:

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, trust and agency, capital assets, budget, indebtedness, and equity.

Current Status

Ongoing: Condition still exists, see current audit finding number 2023-001. The reason for recurrence is due to cost considerations, the School District has determined it is not practical to employ additional staff to adequately segregate duties. The School District will implement compensating controls where practical.

Finding Number 2022-002:

The School District does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures in accordance with generally accepted accounting principles.

Current Status

Ongoing: Condition still exists, see current audit finding number 2023-002. The reason for recurrence is due to cost considerations, the School District accepts the risks associated with the auditors preparing the financial statements. The School District will implement compensating controls where practical.

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

Financial Statements

a. An unmodified opinion was issued on the financial statements.

b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues as discussed in finding 2023-001. A material weakness was disclosed for the preparation of the financial statements by the auditor as discussed in finding 2023-002. A material weakness was disclosed for proposing material adjustments during the course of the audit as discussed in finding 2023-003.

c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the 2 CFR 200.516(a).

f. The federal award tested as major program was:
Impact Aid - CFDA No. 84.041
Elementary and Secondary School Emergency Relief Fund - CFDA 84.425

g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.

h. Timber Lake School District No. 20-3 did not qualify as a low-risk auditee.

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

CURRENT FINDINGS - FINANCIAL STATEMENT AUDIT

Finding Number 2023-001:

Criteria

The internal control system of a School can help assist in achieving its performance targets and prevent the loss of resources. It helps to ensure reliable financial reporting and the compliance with laws and regulations.

Condition Found

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, trust and agency, capital assets, budget, indebtedness, and equity. This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions and errors not being found in a timely manner.

Identification of Repeat Finding

This finding is a restatement of 2022-001. It has been a finding since 2003.

Cause and Effect

The School District has a limited number of office personnel and, accordingly, does not have adequate internal controls in revenue, expenditures, and payroll functions because of a lack of segregation duties.

Recommendation

We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. Compensating controls should be implemented as necessary.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

Finding Number 2023-002:

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition Found

The School District does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

Identification of Repeat Finding

This finding is a restatement of 2022-002. This has been a finding since 2006.

Cause and Effect

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

Recommendation

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

Finding Number 2023-003:

Criteria

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Condition Found

While conducting our audit, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

Cause and Effect

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

Recommendation

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

Timber Lake School District No. 20-3
PO Box 1000 - 500 Main Street
Timber Lake, South Dakota 57656

Dan Martin, Superintendent
Amanda Hermes, Business Manager

Phone (605) 865- 3654
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CORRECTIVE ACTION PLAN

Finding Number 2023-001

Internal control over financial reporting and compliance is not adequate.

Views of responsible officials and planned corrective actions:

Dan Martin, is the contact at this entity responsible for the corrective action plan for this comment. Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct any matters that may result.

Finding Number 2023-002

The School District does not have an internal control system designed to provide for the preparation of the financial statements including required footnotes and disclosures, in accordance with generally accepted accounting principles.

Views of responsible officials and planned corrective actions:

Dan Martin, is the contact at this entity responsible for the corrective action plan for this comment. Both the School Board and management are aware of this process and have expressed their confidence in that the information is accurate and they are willing to accept this risk.

Finding Number 2023-003

The School District does not have an internal control system designed to provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Views of responsible officials and planned corrective actions:

Amanda Hermes, is the contact person at this entity responsible for the corrective action plan for this comment. Management is aware of their overall responsibility for the completeness of the School District's financial statements and the necessity for those to be complete with all material adjustments reflected and will attempt to complete all material adjustments for future financial statements.

Business Manager

Superintendent

CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

School Board
Timber Lake School District No. 20-3
Timber Lake, 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 Timber Lake School District No. 20-3, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Timber Lake School District No. 20-3 as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

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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:

1. exercise professional judgment and maintain professional skepticism throughout the audit.

2. 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.

3. 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.

4. 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.

5. 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.

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 as 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2023 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Cahill Barnes

Mobridge, South Dakota
September 25, 2023

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 4,986,232	$ 22,075	$ 5,008,307
Investments	4,000,000	-	4,000,000
Taxes receivable	415,396	-	415,396
Inventories	-	1,826	1,826
Other assets	418,281	13,749	432,030
Net pension assets	12,834	372	13,206
Capital assets			
Land, improvements and construction in progress	94,410	-	94,410
Other capital assets, net depreciation	13,307,773	7,496	13,315,269
TOTAL ASSETS	23,234,926	45,518	23,280,444
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,260,284	36,317	1,296,601
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 1,260,284	$ 36,317	$ 1,296,601

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts payable	$ 47,082	$ 964	$ 48,046
Other current liabilities	454,647	18,567	473,214
Noncurrent Liabilities			
Accrued leave payable	137,065	-	137,065
TOTAL LIABILITIES	638,794	19,531	658,325
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	750,077	21,694	771,771
Taxes levied for future period	489,338	-	489,338
Other deferred inflows	838,553	-	838,553
TOTAL DEFERRED INFLOWS OF RESOURCES	2,077,968	21,694	2,099,662
NET POSITION			
Net Investment in Capital Assets	13,402,183	7,496	13,409,679
Restricted for:			
Capital Outlay	722,754	-	722,754
Special Education	32,913	-	32,913
SDRS Pension Purposes	523,041	14,995	538,036
Unrestricted	7,097,557	18,119	7,115,676
TOTAL NET POSITION	$ 21,778,448	$ 40,610	$ 21,819,058

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
Instruction	$ 3,771,035	$ -	$ 846,150	$ -	$ (2,924,885)	$ -	$ (2,924,885)
Support services	3,149,542	-	59,174	721,397	(2,368,971)	-	(2,368,971)
Cocurricular activities	265,322	18,703	800	-	(245,819)	-	(245,819)
Total governmental activities	7,185,899	18,703	906,124	721,397	(5,539,675)	-	(5,539,675)
Business-type activities							
Food services	346,691	79,233	146,719	-	-	(120,739)	(120,739)
Total business-type activities	346,691	79,233	146,719	-	-	(120,739)	(120,739)
Total primary government	$ 7,532,590	$ 97,936	$ 1,052,843	$ 721,397	$ (5,539,675)	$ (120,739)	$ (5,660,414)
General Revenues							
Taxes							
Property taxes					974,992	-	974,992
Utility taxes					42,987	-	42,987
Revenue from state sources:							
State Aid					2,246,940	-	2,246,940
Revenue from federal sources					2,827,956	-	2,827,956
Unrestricted investments earnings					69,859	-	69,859
Other general revenues					836,155	-	836,155
Transfers					(80,000)	80,000	-
Total general revenues and transfers					6,918,889	80,000	6,998,889
Change in net position					1,379,214	(40,739)	1,338,475
Net position - beginning					20,399,234	81,349	20,480,583
Net position - ending					$ 21,778,448	$ 40,610	$ 21,819,058

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

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

		General Fund
ASSETS		
Cash and cash equivalents	$	4,411,158
Investments		3,000,000
Taxes-receivables		251,897
Taxes-delinquent		4,274
Due from state government		42,987
Due from federal government		274,761
TOTAL ASSETS		7,985,077
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	$	10,232
Contracts payable		350,916
Payroll deductions and withholdings payable and employer matching payable		52,964
Total Liabilities		414,112
Deferred Inflows of Resources:		
Unavailable revenue - property taxes		4,336
Taxes levied for future period		302,248
Other deferred inflows		20,878
Total Deferred Inflows of Resources		327,462
Fund Balances:		
Restricted		
Capital outlay		-
Special education		-
Unassigned		7,243,503
Total Fund Balance		7,243,503
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$	7,985,077

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

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
$ 454,017	$ 121,057	$ 4,986,232
1,000,000	-	4,000,000
-	157,021	408,918
-	2,204	6,478
-	-	42,987
100,533	-	375,294
1,554,550	280,282	9,819,909
$ 14,121	$ 22,729	$ 47,082
-	31,050	381,966
-	6,500	59,464
14,121	60,279	488,512
-	2,215	6,551
-	187,090	489,338
817,675	-	838,553
817,675	189,305	1,334,442
722,754	-	722,754
-	30,698	30,698
-	-	7,243,503
722,754	30,698	7,996,955
$ 1,554,550	$ 280,282	$ 9,819,909

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental funds	$	7,996,955
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.		12,834
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. The capitalized cost of the capital assets is $17,616,450 and the accumulated depreciation/amortization is ($4,214,267) for a net amount of $13,402,183.		13,402,183
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		1,260,284
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of compensated absences ($137,065) and lease liability ($13,217).		(150,282)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.		6,551
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(750,077)
Total net position - governmental funds	$	21,778,448

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

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
REVENUES:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	$ 584,181	$ -	$ 363,425	$ 947,606
Prior years' ad valorem taxes	13,682	-	8,406	22,088
Utility taxes	42,987	-	-	42,987
Penalties and interest on taxes	3,155	-	1,809	4,964
Earnings on investments and deposits	58,660	11,199	-	69,859
Cocurricular activities:				
Admissions	17,883	-	-	17,883
Other	820	-	-	820
Other revenue from local sources:				
Rentals	19,800	-	-	19,800
Other	35,424	12,055	-	47,479
Total revenue from local sources	776,592	23,254	373,640	1,173,486
Revenue from intermediate sources				
County sources:				
County appointment	1,233	-	-	1,233
Total revenue from intermediate sources	1,233	-	-	1,233
Revenue from state sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	2,246,940	-	-	2,246,940
Restricted grants-in-aid	3,276	-	-	3,276
Total revenue from state sources	2,250,216	-	-	2,250,216
Revenue from federal sources:				
Grants-in-aid:				
Unrestricted grants-in-aid directly from federal government	2,787,227	10,575	16,723	2,814,525
Restricted grants-in-aid from federal government thru an intermediate source	920	48,315	-	49,235
Restricted grants-in-aid from the federal government thru the state	644,105	889,346	-	1,533,451
Johnson O'Malley funds	13,431	-	-	13,431
Other federal revenue	41,559	-	-	41,559
Total revenue from federal sources	3,487,242	948,236	16,723	4,452,201
Total revenues	$ 6,515,283	$ 971,490	$ 390,363	$ 7,877,136

(Continued on next page)

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Expenditures:				
Instruction:				
Regular programs:				
Elementary	$ 989,007	$ 133,211	$ -	$ 1,122,218
Middle/junior high	614,582	42,189	-	656,771
High school	626,750	147,849	-	774,599
Preschool	105,858	-	-	105,858
Special programs:				
Programs for special education	-	-	411,836	411,836
Culturally different	134,696	-	-	134,696
Educationally deprived	426,930	-	-	426,930
Total instruction	2,897,823	323,249	411,836	3,632,908
Support services:				
Pupils:				
Guidance	164,263	-	-	164,263
Health	1,915	-	-	1,915
Student therapy services	-	-	1,196	1,196
Instructional staff:				
Improvement of instruction	8,681	-	-	8,681
Educational media	179,466	37,225	-	216,691
General administration:				
Board of education	114,656	-	-	114,656
Executive administration	242,033	469	-	242,502
School administration:				
Office of the principal	227,521	10,492	-	238,013
Other support services	90,690	-	-	90,690
Business:				
Fiscal services	119,546	8,248	-	127,794
Facilities acquisition & construction	-	40,469	-	40,469
Operation and maintenance of plant	479,101	849,354	-	1,328,455
Pupil transportation	277,423	17,906	-	295,329
Food services	13,751	2,576	-	16,327
Central:				
Staff	$ 735	$ -	$ -	$ 735

(Continued on next page)

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Special education:				
Administrative costs	$ -	$ -	$ 53,544	$ 53,544
Total support services	1,919,781	966,739	54,740	2,941,260
Cocurricular activities:				
Male activities	50,871	3,472	-	54,343
Female activities	43,531	-	-	43,531
Combined activities	128,184	13,591	-	141,775
Total cocurricular activities	222,586	17,063	-	239,649
Capital outlay	-	1,194,260	-	1,194,260
Total expenditures/expenses	5,040,190	2,501,311	466,576	8,008,077
Other financing sources (uses)				
Transfers in	-	890,000	85,000	975,000
Transfers out	(1,055,000)	-	-	(1,055,000)
Sale of surplus property	-	1,868	-	1,868
Compensation for loss of general capital assets	-	774,232	-	774,232
Total other financing sources (uses)	(1,055,000)	1,666,100	85,000	696,100
Net change in fund balances	420,093	136,279	8,787	565,159
Fund balance - beginning	6,823,410	586,475	21,911	7,431,796
Fund balance - ending	$ 7,243,503	$ 722,754	$ 30,698	$ 7,996,955

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

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	$	565,159
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.		1,194,260
This amount represents the current year depreciation and lease amortization 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.		(459,722)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(8,457)
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".		334
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.		7,642
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.		12,990
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		67,008
Change in net position of governmental activities	$	1,379,214

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

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Food Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 22,075
Accounts receivable	13,749
Inventory of supplies	79
Inventory of store purchased for resale	1,444
Inventory of donated foods	303
Total Current Assets	37,650
Noncurrent assets:	
Machinery and equipment	29,632
Accumulated depreciation	(22,136)
Net pension asset	372
Total Noncurrent Assets	7,868
TOTAL ASSETS	45,518
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow of resources	36,317
TOTAL DEFERRED OUTFLOW OF RESOURCES	36,317
LIABILITIES	
Current liabilities:	
Accounts payable	964
Benefits payable	835
Unearned revenue	17,732
Total Current Liabilities	19,531
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources	21,694
TOTAL DEFERRED INFLOW OF RESOURCES	21,694
NET POSITION	
Net investment in capital assets	7,496
SDRS pension	14,995
Unrestricted	18,119
TOTAL NET POSITION	$ 40,610

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

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Food Service Fund
OPERATING REVENUES	
Sales	
To pupils	$ 67,758
To adults	7,877
Other charges for goods and services	3,598
Total operating revenues	79,233
OPERATING EXPENSES	
Salaries	105,065
Employee benefits	51,276
Purchased services	3,820
Supplies	5,162
Cost of sales - purchased food	164,678
Cost of sales - donated food	15,766
Other	508
Depreciation	416
Total operating expenses	346,691
Operating loss	(267,458)
NONOPERATING REVENUES (EXPENSES)	
State sources	
State grants	572
Federal sources	
Cash reimbursements	130,477
Donated food	15,670
Total nonoperating revenues	146,719
Income before contributions, special items, extraordinary items and transfers	(120,739)
Transfers in	80,000
Change in net position	(40,739)
Total net position - July 1, 2022	81,349
Total net position - June 30, 2023	$ 40,610

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

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

		Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	81,726
Payments to employees for services		(157,456)
Payments to suppliers of goods and services		(168,749)
Net cash used by operating activities		(244,479)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from the general fund		80,000
Operating grants		131,049
Net cash provided by noncapital financing activities		211,049
NET CHANGE IN CASH AND CASH EQUIVALENTS		(33,430)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		55,505
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	22,075
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(267,458)
ADJUSTMENTS TO RECONCILE OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/ (USED) BY OPERATING ACTIVITIES		
Depreciation expense		416
Value of donated commodities used		15,766
Change in assets and liabilities		
Receivables		(5,755)
Inventories		506
Accounts and other payables		552
Net pension asset/liability		(1,115)
Prepaid expenses		4,361
Unearned revenue		8,248
Net cash used by operating activities	$	(244,479)
Noncash investing, capital and financing activities:		
Value of commodities received		15,670

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

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	$ 30,959	$ 58,375
Investments	21,680	-
TOTAL ASSETS	52,639	58,375
NET POSITION		
Restricted for student activities	-	58,375
Restricted for scholarships	52,639	-
TOTAL NET POSITION	$ 52,639	$ 58,375

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

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Collections for student activities	$ -	$ 107,017
Earnings on investment and deposits	471	-
TOTAL ADDITIONS	471	107,017
DEDUCTIONS		
Payments for student activities	-	89,521
Trust deductions for scholarships	8,500	-
TOTAL DEDUCTIONS	8,500	89,521
CHANGES IN NET POSITION	(8,029)	17,496
NET POSITION BEGINNING	60,668	40,879
NET POSITION ENDING	$ 52,639	$ 58,375

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

NOTE 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 the Timber Lake School District No. 20-3 (School District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; those organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation

Government-wide Financial Statements

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

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities, equal net position). Net Position 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 and 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.

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Fund Financial Statements

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten 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 five 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 Funds - special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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 School District. This fund is financed by grants and property taxes. This is a major fund.

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 federal grants. This is a major fund.

Proprietary Funds

Enterprise Funds - 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.

1. 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 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.)

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2. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt services), be recovered with fees and charges, rather than with taxes or similar revenues.

3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

Fiduciary Funds

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

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

> *The William Adney Scholarship Trust Fund and the Alf Hulm Scholarship Trust Fund are the only private-purpose trust funds. The purpose of these private-purpose trust funds is to provide scholarships.*

Custodial Funds - Custodial funds are used to report fiduciary activities that are not required to be reported in pension 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 type funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and similar fiduciary funds.

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Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Timber Lake School District No. 20-3, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2023 are expected reimbursements for federal grants, county taxes, 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 deferred inflows 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 fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications

Government Wide Financial Statements

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns.

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e. 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 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.

f. 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 acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements, or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP. For capital assets used in business-type activities/proprietary fund's operations, construction period interest is not capitalized in accordance with USGAAP.

The total June 30, 2023 balance of capital assets for governmental activities are all valued at original costs. The total June 30, 2023 balance of capital assets for business-type activities are all valued at original cost.

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 assets 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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	$ -	N/A	N/A
Improvements, other than buildings	10,000	Straight-line	15 - 25 years
Buildings	50,000	Straight-line	75 - 100 years
Machinery and equipment	5,000	Straight-line	5 - 20 years
Intangible lease assets	5,000	Straight-line	Various
Intangible subscription assets	5,000	Straight-line	Various

Land is an inexhaustible capital asset and is not depreciated.

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Fund Financial Statements

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

g. Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of compensated absences and lease liability.

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

h. Leases

Lessee:

The School District is a lessee for a noncancellable lease of a copy machine. 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 with an initial, individual value of $5,000 or more.

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 the treasury yield that corresponds to the length of the lease contract.

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

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

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i. Program Revenues

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

1: Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services or privileges provided, or are otherwise directly affected by the services.

2: Program-specific operating grants and 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.

j. 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.

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

k. Proprietary Funds Revenue and Expense Classifications

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

l. Cash and Cash Equivalents

For the purpose of preparing the Statement of Cash Flows, the School District considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents.

m. Equity Classifications

Government-wide Financial Statements

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

1: Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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2: Restricted Net Position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3: Unrestricted Net Position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

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

n. Application of Net Position

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

o. Fund Balance Classification 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 School Board.

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 Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

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p. Pensions

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

NOTE 2 - DEPOSITS AND INVESTMENTS 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 below:

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

Investments - In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) 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 that investments shall 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.

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.

As of June 30, 2023, all of the School District's investments were in certificates of deposit.

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 investments to the fund making the investment.

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NOTE 3 - RECEIVABLES AND PAYABLES

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

NOTE 4 - INVENTORY

Inventory is valued 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, and in the enterprise fund financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

No material inventories were on hand as of June 30, 2023, in the governmental funds.

NOTE 5 - PROPERTY TAXES

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before April 30 and October 31 of the following year. 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 and 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."

NOTE 6 - OTHER DEFERRED INFLOWS

A summary of changes in other deferred inflows for year ended June 30, 2023 is as follows:

	Balance 07/01/2022	Increases	Decreases	Balance 06/30/2023
General fund - unspent JOM grant proceeds	$ -	$ 20,878	$ -	$ 20,878
Capital outlay fund - unspent insurance proceeds	-	817,675	-	817,675
Total Other Deferred Inflows of Resources	$ -	$ 838,553	$ -	$ 838,553

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NOTE 7 - CHANGES IN CAPITAL ASSETS

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

	Balance 07/01/2022	Increases	Decreases	Balance 06/30/2023
Primary Government				
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	$ 94,410	$ -	$ -	$ 94,410
Construction in progress	441,539	-	(441,539)	-
Total capital assets, not being depreciated/amortized	535,949	-	(441,539)	94,410
Capital assets, being depreciated/amortized				
Buildings	12,343,351	226,178	-	12,569,529
Improvements other than buildings	1,824,934	1,118,099	-	2,943,033
Machinery and equipment	1,765,984	291,522	(113,000)	1,944,506
Intangible lease	64,972	-	-	64,972
Total capital assets, being depreciated/amortized	15,999,241	1,635,799	(113,000)	17,522,040
Less accumulated depreciation/amortization for				
Buildings	2,364,579	173,091	-	2,537,670
Improvements other than buildings	400,106	140,598	-	540,704
Machinery and equipment	1,055,420	133,039	(104,543)	1,083,916
Intangible lease	38,983	12,994	-	51,977
Total accumulated depreciation/amortization	3,859,088	459,722	(104,543)	4,214,267
Total capital assets, being depreciated/amortized, net	12,140,153	1,176,077	(8,457)	13,307,773
Governmental activity capital assets, net	$ 12,676,102	$ 1,176,077	$ (449,996)	$ 13,402,183

Depreciation/amortization expense was charged to functions as follows:

	6/30/2023
Governmental activities	
Instructional	$ 201,719
Support Services	229,120
Cocurricular	28,883
Total depreciation/amortization expense - governmental activities	$ 459,722

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	Balance 07/01/2022	Increases	Decreases	Balance 06/30/2023
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	$ 36,361	$ -	$ (6,729)	$ 29,632
Total capital assets, being depreciated	36,361	-	(6,729)	29,632
Less accumulated depreciation for				
Machinery and equipment	(28,449)	(416)	6,729	(22,136)
Total accumulated depreciation	(28,449)	(416)	6,729	(22,136)
Business-type activities capital assets, net	$ 7,912	$ (416)	$ -	$ 7,496

Depreciation expense was charged to functions as follows:

	06/30/2023
Business-type activities	
Food Service	$ 416

NOTE 8 - LONG-TERM LIABILITIES

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

	Beginning Balance 07/01/2022	Additions	Deletions	Ending Balance 06/30/2023	Due Within One Year
Primary government					
Governmental activities					
Lease liability	$ 26,207	$ -	$ (12,990)	$ 13,217	$ 13,217
Compensated absences	144,707	55,697	(63,339)	137,065	-
Total governmental activities	$ 170,914	$ 55,697	$ (76,329)	$ 150,282	$ 13,217

Long-term liabilities at June 30, 2023, is comprised of the following:

Lease liability, payments to be made from the Capital Outlay fund.	$ 13,217
Compensated Absences, payments to be made by the fund that the payroll expenditures are charged within.	137,065
Total long-term liabilities	$ 150,282

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

	Lease Liability	
Year Ending June 30,	**Principal**	**Interest**
2024	$ 13,217	$ 230

NOTE 9 - INDIVIDUAL FUND INTERFUND BALANCES AND INTERFUND TRANSFERS

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

	Transfers In	Transfers Out	Total
General Fund	$ -	$ (1,055,000)	$ (1,055,000)
Capital Outlay Fund	890,000	-	890,000
Special Education	85,000	-	85,000
Food Service Fund	80,000	-	80,000
Total	$ 1,055,000	$ (1,055,000)	$ -

The purpose of the interfund transfers was to transfer federal monies from the General Fund to the Capital Outlay Fund, Special Education Fund, and Food Service Fund for operating purposes.

NOTE 10 - RESTRICTED NET POSITION

Fund	Restricted By	6/30/2023
Special Education	Law	$ 32,913
Capital Outlay	Law	722,754
SDRS Pension Purposes	Law	538,036
Total Restricted Net Position		$ 1,293,703

These balances are restricted due to statutory requirements.

NOTE 11 - PENSION PLAN

Plan Information:

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

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Benefits Provided:

SDRS has four different classes of employees: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members. Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements 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 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.

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

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

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% of salary; Class B Judiciary Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, 2023, 2022, and 2021 was $203,629, $200,203, and $186,915, respectively, equal to the required contributions each year.

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

At June 30, 2022, SDRS is 100.10% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of 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	$ 19,726,281
Less proportionate share of net pension restricted for pension benefits	19,739,487
Proportionate share of net pension liability (asset)	$ (13,206)

At June 30, 2023, the School District reported an asset of $13,206 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and the total pension asset used to calculate the net pension asset was based on a projection of the School'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 .1397380%, which is an increase of .000069878% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized reduction of pension expense of $68,123. At June 30, 2023 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 251,389	$ 857
Changes in assumption	839,340	735,570
Net difference between projected and actual earnings on pension plan investments	-	31,648
Changes in proportion and difference between District contributions and proportionate share of contributions	2,243	3,696
District contributions subsequent to the measurement date	203,629	-
Total	$ 1,296,601	$ 771,771

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$203,629 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	$ 87,403
2025	182,826
2026	(210,243)
2027	261,215
TOTAL	$ 321,201

Actuarial Assumptions:

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

Inflation	2.25%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Investment Rate of Return	6.5% net of pension 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
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 Retireees: 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 mortaility 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.

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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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	100.0%	2.7%

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of 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 6.5%, as well as what the School'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:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate share of the net pension liability (asset)	$ 2,742,129	$ (13,206)	$ (2,265,043)

Pension Plan Fiduciary Net Position:

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

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NOTE 12 - JOINT VENTURES

The School District participates in the Northwest Area Schools Multi-District and Northwest Area Schools Education Cooperative, a cooperative service unit (co-op) formed for the purpose of providing education services in the area of special education, adult education, service training and other educational services to the member school districts.

The members of the Northwest Area Schools Multi-District and their relative percentage participation are as follows:

Harding County School District No. 31-1	13.33%
Faith School District No. 46-2	13.33%
Dupree School District No. 64-2	13.33%
Timber Lake School District No. 15-2	13.33%
McLaughlin School District No. 15-1	13.33%
Mcintosh School District No. 15-1	13.33%
Smee School District No. 15-3	13.33%
Tiospaye Topa School District	6.69%

Northwest Area Schools Mult-District's governing board is comprised of one representative from each member school district, who is a school board member. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget. The School District retains equity in the net position and has a responsibility to fund deficits of the join venture in porportion to the relative participation described above. Seperate financial statements for this joint venture are available from Northwest Area Schools Multi-District.

The members of the Northwest Area Schools Educational Cooperative and their relative percentage participation are as follows:

Harding County School District No. 31-1	16.67%
Faith School District No. 46-2	16.67%
Dupree School District No. 64-2	16.67%
Timber Lake School District No. 15-2	16.67%
Bison School District No. 52-1	16.66%
Mcintosh School District No. 15-1	16.66%

Northwest Area Schools Educational Cooperative's governing board is comprised of one representative from each member school district, who is a school board member. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget. The School District retains equity in the net position and has a responsibility to fund deficits of the join venture in porportion to the relative participation described above. Seperate financial statements for this joint venture are available from Northwest Area Schools Educational Cooperative.

The School District retains no equity in the net position of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Northwest Area Schools Multi-District and Northwest Area Schools Educational Cooperative are combined for financial reporting purposes. At June 30, 2023, this joint venture had net position of $1,981,665, and no long-term debt outstanding.

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NOTE 13 - RISK MANAGEMENT

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

Employee Health Insurance

The School District joined the South Dakota Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage has an unlimited lifetime maximum per person.

The School District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Liability Insurance

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

Workman's Compensation

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool 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 program of worker's compensation coverage to obtain lower costs for the 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 worker's 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.

(Continued on next page)

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 over the past three years.

Unemployment Benefits

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School District has not assigned any amount of Fund Balance for the payment of future unemployment benefits.

During the fiscal year ended June 30, 2023, no claims were filed for unemployment benefits. It is not anticipated that any additional claims for unemployment will be filed in the next fiscal year.

NOTE 14 - LITIGATION

At June 30, 2023, the School District was not involved in any litigation.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through the date on which the financial statements were availabe to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	$ 570,000	$ 570,000	$ 584,181	$ 14,181
1120	Prior Years' Ad Valorem Taxes	7,000	7,000	13,682	6,682
1140	Utility Taxes	40,000	40,000	42,987	2,987
1190	Penalties and Interest on Taxes	2,000	2,000	3,155	1,155
1700	Cocurricular Activities:				
1710	Admissions	12,000	12,000	17,883	5,883
1790	Other	1,100	1,100	820	(280)
1900	Other Revenue from Local Sources:				
1910	Rentals	19,800	19,800	19,800	-
1990	Other	25,000	28,000	35,424	7,424
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2110	County Apportionment	2,500	2,500	1,233	(1,267)
3000	Revenue from State Sources:				
3110	Unrestricted Grants-in-Aid	2,246,000	2,246,000	2,246,940	940
3120	Restricted Grains-in-Aid	7,270	7,270	3,276	(3,994)
4000	Revenue from Federal Sources:				
4135	Restricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	5,000	5,000	920	(4,080)
4199	Restricted Grants-in-Aid Received from the Federal Government Through the State	680,907	680,907	644,105	(36,802)
4400	Johnson O'Malley funds	13,867	34,310	13,431	(20,879)
4900	Other Federal Revenue	42,902	42,902	41,559	(1,343)
	Total Revenue	$ 3,675,346	$ 3,698,789	$ 3,669,396	$ (29,393)
	EXPENDITURES:				
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	$ 1,062,645	$ 1,062,645	$ 989,007	$ 73,638
1120	Middle/Junior High	622,660	622,660	614,582	8,078
1130	High School	653,120	653,120	626,750	26,370
1140	Preschool	107,823	107,823	105,858	1,965
1200	Special Programs:				
1250	Culturally different	157,484	177,927	134,696	43,231
1270	Educationally Deprived	452,160	452,160	426,930	25,230

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TIMBER LAKE SCHOOL DISTRICT NO. 20-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
2000	Support Services:				
2100	Pupils:				
2120	Guidance	172,530	175,530	164,263	11,267
2130	Health Services	7,800	7,800	1,915	5,885
2200	Support Services-Instructional Staff:				
2210	Improvement of Instruction	14,500	14,500	8,681	5,819
2220	Educational Media	193,289	193,289	179,466	13,823
2300	Support Services-General Administration:				
2310	Board of Education	124,344	124,344	114,656	9,688
2320	Executive Administration	254,225	254,225	242,033	12,192
2400	Support Services - School Administration:				
2410	Office of the Principal	250,500	250,500	227,521	22,979
2490	Other	95,199	95,199	90,690	4,509
2500	Support Services-Business				
2520	Fiscal Services	133,810	133,810	119,546	14,264
2540	Operation & Maintenance of Plant	454,546	454,546	479,101	(24,555)
2550	Pupil Transportation	271,190	271,190	277,423	(6,233)
2560	Food Service	11,264	11,264	13,751	(2,487)
2600	Support Services-Central				
2640	Staff	1,300	1,300	735	565
6000	Cocurricular Activities				
6100	Male Activities	53,736	53,736	50,871	2,865
6200	Female Activities	42,699	42,699	43,531	(832)
6900	Combined Activities	134,771	134,771	128,184	6,587
	Total Expenditures	5,271,595	5,295,038	5,040,190	254,848
	Excess Revenue Over/Under Expenditures	$ (1,596,249)	$ (1,596,249)	$ (1,370,794)	$ 225,455
	Other Financing Sources				
5110	Transfer In	1,596,249	1,596,249	1,045,000	(551,249)
	Total Other Financing Sources	1,596,249	1,596,249	1,045,000	(551,249)
	Net Change in Fund Balances	-	-	(325,794)	(325,794)
	Fund Balance - Beginning	343,826	343,826	343,826	-
	Fund Balance - Ending	$ 343,826	$ 343,826	$ 18,032	$ (325,794)

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1510	Interest	$ -	$ -	$ 11,199	$ 11,199
1900	Other Revenue from Local Sources:				
1990	Other	-	-	12,055	12,055
4000	Revenue from Federal Sources:				
4111	Unrestricted Grants-in-Aid Received Directly from the Federal Government	12,000	12,000	10,575	(1,425)
4135	Restricted Grants-in-Aid received from the Federal Government through an Intermediate Source	18,600	54,360	48,315	(6,045)
4199	Restricted Grants-in-Aid received from the Federal Government through the State	1,197,649	1,197,649	889,346	(308,303)
	Total Revenue	$ 1,228,249	$ 1,264,009	$ 971,490	$ (292,519)
	EXPENDITURES:				
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	$ 167,300	$ 187,300	$ 133,211	$ 54,089
1120	Middle/Junior High	68,000	75,880	42,189	33,691
1130	High School	197,100	204,980	147,849	57,131
2000	Support Services:				
2200	Support Services-Instructional Staff:				
2210	Improvement of Instruction	2,000	2,000	-	2,000
2220	Educational Media	128,600	128,600	126,345	2,255
2300	Support Services-General Administration:				
2321	Executive Administration	-	-	469	(469)
2400	Support Services - School Administration:				
2410	Office of the Principal	17,375	17,375	10,492	6,883
2500	Support Services-Business				
2520	Fiscal Services	7,800	7,800	8,248	(448)
2530	Facilities Acquisition and Construction	1,289,474	1,289,474	1,030,708	258,766
2540	Operation & Maintenance of Plant	450,000	1,967,198	964,255	1,002,943
2550	Pupil Transportation	50,000	50,000	17,906	32,094
2560	Food Service	-	-	2,576	(2,576)
6000	Cocurricular Activities				
6100	Male Activities	4,000	4,000	3,472	528
6900	Combined Activities	19,600	19,600	13,591	6,009
	Total Expenditures	2,401,249	3,954,207	2,501,311	1,452,896
	Excess Revenue Over/Under Expenditures	(1,173,000)	(2,690,198)	(1,529,821)	1,160,377
	Other Financing Sources				
8110	Transfer In	1,023,000	1,023,000	890,000	(133,000)
5130	Sale of Surplus Property	-	-	1,868	1,868
5140	Compensation for Loss of General Capital Assets	150,000	1,667,198	774,232	(892,966)
	Total Other Financing Sources	1,173,000	2,690,198	1,666,100	(1,024,098)
	Net Change in Fund Balances	-	-	136,279	136,279
	Fund Balance - Beginning	586,475	586,475	586,475	-
	Fund Balance - Ending	$ 586,475	$ 586,475	$ 722,754	$ 136,279

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	$ 340,000	$ 340,000	$ 363,425	$ 23,425
1120	Prior Years' Ad Valorem Taxes	3,000	3,000	8,406	5,406
1190	Penalties and Interest on Taxes	1,000	1,000	1,809	809
4000	Revenue from Federal Sources:				
4111	Unrestricted Grants-in-Aid Received Directly from the Federal Government	25,000	25,000	16,723	(8,277)
	Total Revenue	$ 369,000	$ 369,000	$ 390,363	$ 21,363
	EXPENDITURES:				
1200	Special Programs:				
1220	Programs for Special Education	$ 430,625	$ 430,625	$ 411,836	$ 18,789
2000	Support Services:				
2100	Pupils:				
2170	Student Therapy Services	2,000	2,000	1,196	804
2700	Special Education:				
2710	Administrative Costs	50,230	50,230	53,544	(3,314)
2750	Other	1,000	1,000	-	1,000
	Total Expenditures	483,855	483,855	466,576	17,279
	Excess Revenue Over/Under Expenditures	(114,855)	(114,855)	(76,213)	38,642
	Other Financing Sources				
5110	Transfer In	114,855	114,855	85,000	(29,855)
	Net Change in Fund Balances	-	-	8,787	8,787
	Fund Balance - Beginning	21,911	21,911	21,911	-
	Fund Balance - Ending	$ 21,911	$ 21,911	$ 30,698	$ 8,787

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. At the first regular board meeting in May of each year the School Board prepares a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.

2. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.

3. The proposed budget is published for public review no later than July 15 each year.

4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.

5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.

6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.

7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.

8. If it is determined during the year that 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 accounting principles generally accepted in the United States of America (GAAP).

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12. The following reconciles the U.S. GAAP Basis fund balance to the budgetary basis fund balance for the General Fund as of June 30, 2023:

U.S. GAAP Basis Fund Balance	$	7,243,503
Less: portion comprised of unspent Impact Aid revenue		(7,225,471)
Budgetary basis fund balance	$	18,032

NOTE 2 - US GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

1. 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/Pupils Transportation function of the government, along with all other current Pupil Transportation related expenditures.

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.1397380%	0.1372700%	0.1327502%	0.1357974%	0.1363274%	0.1331065%	0.1307569%	0.1323230%	0.1309451%
District's proportionate share of net pension liability (asset)	$ (13,206)	$ (1,051,307)	$ (5,765)	$ (14,391)	$ (3,180)	$ (12,080)	$ 441,684	$ (561,218)	$ (943,406)
District's covered-employee payroll	$ 3,336,724	$ 3,115,251	$ 2,913,468	$ 2,887,332	$ 2,834,122	$ 2,704,453	$ 2,486,344	$ 2,415,827	$ 2,289,871
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.40%	-33.75%	-0.20%	-0.50%	-0.11%	-0.45%	17.76%	-23.23%	-41.20%
Plan fiduciary net position as a percentage of the total pension liability	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	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 6/30 of previous fiscal year.

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 203,629	$ 200,203	$ 186,915	$ 174,808	$ 173,240	$ 170,047	$ 162,267	$ 149,181	$ 144,950	$ 137,392
Contributions in relation to the contractually required contribution	$ 203,629	$ 200,203	$ 186,915	$ 174,808	$ 173,240	$ 170,047	$ 162,267	$ 149,181	$ 144,950	$ 137,392
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,393,822	$ 3,336,724	$ 3,115,251	$ 2,913,468	$ 2,887,332	$ 2,834,122	$ 2,704,444	$ 2,486,334	$ 2,415,821	$ 2,289,868
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

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.

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

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

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

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

Actuarial Method Changes

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

SUPPLEMENTARY INFORMATION

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures 2023
Child Nutrition Cluster			
US Department of Agriculture Pass-Through Programs From:			
SD Department of Education:			
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	NA	$15,660
Cash Assistance			
School Breakfast Program (Note 3)	10.553	NA	$21,018
National School Lunch Program (Note 3)	10.555	NSLP-17-289	$105,065
Total for Child Nutrition Cluster			$141,743
US Department of Agriculture Pass-Through Programs From:			
SD Department of Education:			
Child Nutrition Discretionary Grants Limited Availability	10.579	NA	$2,576
Fresh Fruit and Vegetable Program	10.582	NA	$13,200
Subtotal for US Department of Agriculture - Pass-Through Programs			$15,776
Total of US Department of Agriculture			$157,519
US Department of the Interior - Direct Program			
US Department of the Interior			
Indian Education - Assistance to schools (Note 3)	15.130	NA	$13,431
Total of US Department of Interior			$13,431
US Department of Treasury - Pass-Through Program From:			
Federal Communication Commission			
Emergency Connectivity Fund Program	32.009	NA	$35,760
Total US Department of Treasury			$35,760
National Science Foundation - Pass-Through Programs From:			
S.D Department of Tourism:			
Promotion of the Arts - Partnership Agreements	45.025	NA	$968
Total of National Science Foundation			$968
US Department of Education - Direct Programs:			
Impact Aid (Title VIII of ESEA) (Note 4)	84.041	NA	$2,127,298
Indian Education - Grants to Local Educational Agencies	84.060	NA	$41,559
Subtotal for US Department of Education - Direct Programs			$2,168,857

US Department of Education - Pass-Through Programs from			
S.D Department of Education:			
Title I Grants to Local Educational Agencies	84.010	T1ba-17-128	$309,940
Rural Education	84.358	N/A	$9,440
Improving Teacher Quality State Grants	84.367	17-T2A-128	$40,521
Indian Education - Special Programs for Indian Children	84.299	N/A	$13,475
Student Support and Academic Enrichment Grant	84.424A	N/A	$41,215
Elemenatary and Secondary School Emergency Relief (Note 4)	84.425D	N/A	$612,793
American Rescue Plan Elementary and Secondary School Emergency Relief (Note 4)	84.425U	N/A	$507,849
Subtotal for US Department of Education			$1,535,233
Total US Department of Education			$3,704,090
Grand Total			$3,911,768

NOTE 1: BASIS OF PRESENTATION: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the 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 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule resents only a selected portion of the operatios of the School Distrrict, 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 the reimbursement. The School District has not elected to use the 10 percent de minimius 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 rather than federal expenditures.

NOTE 4: This represents a major federal financial assistance program.