SOUTHERN MISSOURI RECYCLING &
WASTE MANAGEMENT DISTRICT
LAKE ANDES, SOUTH DAKOTA

AUDIT REPORT

FOR THE YEAR JANUARY 1, 2021 TO DECEMBER 31, 2021
AND
FOR THE YEAR JANUARY 1, 2022 TO DECEMBER 31, 2022

Schoenfish & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

SOUTHERN MISSOURI RECYCLING & WASTE MANAGEMENT DISTRICT
Lake Andes, South Dakota

DISTRICT OFFICIALS
December 31, 2022

GOVERNING BOARD:

Clifford Parker, Chairman
Robert Hausmann
Jason Gant
Jeff Pistulka
Jarod Star
Ed VanGerpen
Nathan Ymker

MANAGER:

Mike Wentland

BOOKKEEPER:

Angela Spaans

ATTORNEY:

Kenneth Cotton

TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 1-2

Schedule of Prior Audit Findings 3

Schedule of Current Audit Findings 4

Independent Auditor's Report 5-7

FINANCIAL STATEMENTS:

As of December 31, 2022:

Proprietary Funds:

Statement of Net Position 8-9

For the Year Ended December 31, 2022:

Proprietary Funds:

Statement of Revenues, Expenditures, and Changes In Net Position 10

Statement of Cash Flows 11

As of December 31, 2021:

Proprietary Funds:

Statement of Net Position 12-13

For the Year Ended December 31, 2021:

Proprietary Funds:

Statement of Revenues, Expenditures, and Changes In Net Position 14

Statement of Cash Flows 15

Notes to the Financial Statements 16-31

Required Supplementary Information Other than MD&A:

Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) 32

Schedule of the District's Pension Contributions - South Dakota Retirement System 33

Notes to the Supplementary Information - Pension Schedules 34-35

Schoenfish & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS
Phone: 605-928-7241
FAX No.: 605-928-6241
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

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

Governing Board
Southern Missouri Recycling and Waste Management District
Lake Andes, 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 business-type activities of the Southern Missouri Recycling and Waste Management District, Lake Andes, South Dakota (District), as of December 31, 2022 and December 31, 2021, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 16, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
November 16, 2023

SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

There are no prior audit findings to disclose.

SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT AUDIT FINDINGS:

There are no current audit findings to disclose.

CLOSING CONFERENCE

The audit was discussed with the board, manager, and bookkeeper during the course of the audit.

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Phone: 605-928-7241
FAX No.: 605-928-6241
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

INDEPENDENT AUDITOR'S REPORT

Governing Board
Southern Missouri Recycling & Waste Management District
Lake Andes, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Southern Missouri Recycling & Waste Management District, Lake Andes, South Dakota, (District) as of December 31, 2022 and December 31, 2021, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the 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 business-type activities of the Southern Missouri Recycling & Waste Management District as of December 31, 2022, and December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for each of the years in the biennial period 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 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the District's Contributions 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 the 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 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Schoenfish & Co., Inc

Schoenfish & Co., Inc.
Certified Public Accountants
November 16, 2023

SOUTHERN MISSOURI RECYCLING AND WASTE MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022

		SOLID WASTE FUND 2022
ASSETS:		
Current Assets:		
Cash and Deposits	$	42,305.55
Restricted Cash in Bank		598,349.05
Accounts Receivable		34,536.57
Patronage Dividends Receivable		28,398.65
Prepaid Insurance		10,822.37
Total Current Assets	$	714,412.19
NonCurrent Assets:		
Net Pension Asset	$	339.37
Capital Assets:		
Land		277,141.60
Buildings		310,315.87
Accumulated Depreciation - Buildings		(255,317.72)
Improvements Other Than Buildings		2,311,681.56
Accum. Depr. - Improvements Other Than Buildings		(1,279,312.09)
Machinery and Equipment		939,485.87
Accum. Depr. - Machinery and Equipment		(635,026.12)
Total Capital Assets	$	1,668,968.97
Total Noncurrent Assets	$	1,669,308.34
TOTAL ASSETS	$	2,383,720.53
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Related Deferred Outflows of Resources	$	31,546.73
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	31,546.73
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	20,616.35
Sales Tax Payable		533.64
Real Estate Taxes Payable		666.64
Accrued Wages Payable		2,064.52
Payroll Taxes Payable		2,259.24
South Dakota Retirement Payable		1,196.58
Accrued Interest Payable		204.56
Current Portion of Long-Term Liabilities		50,024.85
Total Current Liabilities	$	77,566.38

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

SOUTHERN MISSOURI RECYCLING AND WASTE MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	SOLID WASTE FUND
	2022
LIABILITIES (Continued)	
Long-Term Liabilities:	
Accrued Leave Payable	$ 7,282.91
Closure & Postclosure Care Payable	392,500.39
Notes Payable:	
DENR-Baler Loan	18,210.11
DENR Leachate Pond Loan	-
DENR Land Loan	54,124.78
RECD Loan	514.53
SD Revolving Fund Loan	42,877.91
Less Current Portion of Long-Term Liabilities	(50,024.85)
Total Long-Term Liabilities	$ 465,485.78
TOTAL LIABILITIES	$ 543,052.16
DEFERRED INFLOWS OF RESOURCES:	
Pension Related Deferred Inflows of Resources	$ 19,925.58
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 19,925.58
NET POSITION	
Net Investment in Capital Assets	$ 1,553,241.64
Restricted for Closure & Postclosure Care	535,497.32
Restricted for SDRS Pension	11,960.52
Unrestricted Net Position	(248,409.96)
TOTAL NET POSITION	$ 1,852,289.52

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

SOUTHERN MISSOURI RECYCLING AND WASTE MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	SOLID WASTE FUND 2022
OPERATING REVENUE:	
Charges for Goods and Services Pledged as Security for Debt	$ 390,622.49
Rental Revenue	8,852.00
TOTAL OPERATING REVENUE	$ 399,474.49
OPERATING EXPENSES:	
Wages and Benefits	$ 141,518.63
Licenses and Fees	560.00
Office Expense	1,462.62
Other Supplies	1,812.99
Telephone	667.81
Electricity	14,292.25
Other Utilities	12,251.74
Pest Control	530.00
Real Estate Taxes	666.64
Legal and Professional Fees	45,602.61
Board Member Fees	4,450.00
Water Test and Monitoring Fees	10,912.85
Gas and Diesel	2,675.36
Solid Waste Tipping Fees	6,886.02
Insurance and Bond	14,234.80
Repairs and Maintenance	43,778.35
Closure and Postclosure Care Expense	8,191.51
Miscellaneous	3,962.42
Depreciation	90,607.52
TOTAL OPERATING EXPENSES	$ 405,064.12
OPERATING INCOME (LOSS)	$ (5,589.63)
NONOPERATING REVENUE (EXPENSE)	
Earnings on Deposits and Investments	$ 1,470.32
Interest Expense and Fiscal Charges	(3,842.43)
Patronage Dividends	2,780.31
Total Nonoperating Revenue (Expense)	$ 408.20
NET INCOME (LOSS)	$ (5,181.43)
NET POSITION, BEGINNING OF YEAR	$ 1,857,470.95
NET POSITION, END OF YEAR	$ 1,852,289.52

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

SOUTHERN MISSOURI RECYCLING AND WASTE MANAGEMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	SOLID WASTE FUND 2022
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Receipts from Customers	$ 419,831.55
Cash Payments to Employees for Services	(147,664.39)
Cash Payments to Suppliers of Goods or Services	(156,029.87)
Net Cash Provided by Operating Activities	$ 116,137.29
CASH FLOWS FROM CAPITAL & RELATED ACTIVITIES:	
Interest Paid	$ (4,261.13)
Debt Paid	(64,987.89)
Net Cash Provided by Capital & Related Activities	$ (69,249.02)
CASH FLOWS FROM INVESTING ACTIVITES:	
Interest Received	$ 1,470.32
Patronage Dividends Received	1,568.38
Net Cash Provided by Investing Activities	$ 3,038.70
Net Increase (Decrease) in Cash and Cash Equivalents	$ 49,926.97
Cash and Cash Equivalents at Beginning of Year	$ 590,727.63
Cash and Cash Equivalents at End of Year	$ 640,654.60
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ (5,589.63)
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	90,607.52
Closure and Postclosure Care Expense	8,191.51
(Increase) decrease in Receivables	20,357.06
(Increase) decrease in Prepaid Insurance	(18.61)
(Increase) decrease in Pension Related Deferred Outflows	(1,733.01)
(Increase) decrease in Net Pension Asset	38,431.53
(Decrease) increase in Accounts and Other Payables	4,285.20
(Decrease) increase in Accrued Wages Payable	(269.61)
(Decrease) increase in Accrued Leave Payable	94.12
(Decrease) increase in Pension Related Deferred Inflows	(38,218.79)
	$ 116,137.29

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

SOUTHERN MISSOURI RECYCLING AND WASTE MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	SOLID WASTE FUND
	2021
ASSETS:	
Current Assets:	
Cash and Deposits	$ 26,365.35
Restricted Cash in Bank	564,362.28
Accounts Receivable	54,893.63
Patronage Dividends Receivable	27,186.72
Prepaid Insurance	10,803.76
Total Current Assets	$ 683,611.74
NonCurrent Assets:	
Net Pension Asset	$ 29,813.72
Capital Assets:	
Land	277,141.60
Buildings	310,315.87
Accumulated Depreciation - Buildings	(245,202.34)
Improvements Other Than Buildings	2,311,681.56
Accum. Depr. - Improvements Other Than Buildings	(1,232,605.73)
Machinery and Equipment	939,485.87
Accum. Depr. - Machinery and Equipment	(601,240.34)
Total Capital Assets	$ 1,759,576.49
Total Noncurrent Assets	$ 1,789,390.21
TOTAL ASSETS	$ 2,473,001.95
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferred Outflows of Resources	$ 38,770.90
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 38,770.90
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 16,669.93
Sales Tax Payable	207.44
Real Estate Taxes Payable	654.06
Accrued Wages Payable	2,419.84
Payroll Taxes Payable	2,201.55
South Dakota Retirement Payable	1,168.56
Accrued Interest Payable	623.26
Current Portion of Long-Term Liabilities	64,964.58
Total Current Liabilities	$ 88,909.22

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

SOUTHERN MISSOURI RECYCLING AND WASTE MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

		SOLID WASTE FUND
		2021
LIABILITIES (Continued)		
Long-Term Liabilities:		
Accrued Leave Payable	$	7,188.79
Closure & Postclosure Care Payable		384,308.88
Notes Payable:		
DENR-Baler Loan		36,017.38
DENR Leachate Pond Loan		7,944.49
DENR Land Loan		60,907.30
RECD Loan		9,211.72
SD Revolving Fund Loan		66,634.33
Less Current Portion of Long-Term Liabilities		(64,964.58)
Total Long-Term Liabilities	$	507,248.31
TOTAL LIABILITIES	$	596,157.53
DEFERRED INFLOWS OF RESOURCES:		
Pension Related Deferred Inflows of Resources	$	58,144.37
TOTAL DEFERRED INFLOWS OF RESOURCES	$	58,144.37
NET POSITION		
Net Investment in Capital Assets	$	1,578,861.27
Restricted for Closure & Postclosure Care		513,648.45
Restricted for SDRS Pension		10,440.25
Unrestricted Net Position		(245,479.02)
TOTAL NET POSITION	$	1,857,470.95

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

SOUTHERN MISSOURI RECYCLING AND WASTE MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	SOLID WASTE FUND 2021
OPERATING REVENUE:	
Charges for Goods and Services Pledged as Security for Debt	$ 396,822.11
Rental Revenue	8,884.00
TOTAL OPERATING REVENUE	$ 405,706.11
OPERATING EXPENSES:	
Wages and Benefits	$ 142,532.29
Licenses and Fees	457.00
Office Expense	1,299.45
Other Supplies	33,803.19
Telephone	827.42
Electricity	14,486.54
Other Utilities	9,699.19
Pest Control	1,050.00
Real Estate Taxes	654.06
Legal and Professional Fees	15,255.10
Board Member Fees	4,620.00
Water Test and Monitoring Fees	23,792.75
Gas and Diesel	2,970.96
Solid Waste Tipping Fees	10,088.78
Insurance and Bond	18,203.83
Repairs and Maintenance	47,513.94
Closure and Postclosure Care Expense	(369.03)
Miscellaneous	896.41
Depreciation	90,607.52
TOTAL OPERATING EXPENSES	$ 418,389.40
OPERATING INCOME (LOSS)	$ (12,683.29)
NONOPERATING REVENUE (EXPENSE)	
Earnings on Deposits and Investments	$ 1,375.14
Miscellaneous Nonoperating Revenue	2,500.00
Interest Expense and Fiscal Charges	(5,980.92)
Patronage Dividends	3,369.56
Total Nonoperating Revenue (Expense)	$ 1,263.78
NET INCOME (LOSS)	$ (11,419.51)
CHANGE IN ACCOUNTING ESTIMATE (See Note 10)	$ (23,377.00)
NET POSITION, BEGINNING OF YEAR	$ 1,892,267.46
NET POSITION, END OF YEAR	$ 1,857,470.95

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

SOUTHERN MISSOURI RECYCLING AND WASTE MANAGEMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	SOLID WASTE FUND 2021
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Receipts from Customers	$ 428,204.44
Cash Payments to Employees for Services	(152,494.55)
Cash Payments to Suppliers of Goods or Services	(172,652.40)
Net Cash Provided by Operating Activities	$ 103,057.49
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES:	
Miscellaneous Revenue	$ 2,500.00
Net Cash Provided by Noncapital Financing Activities	$ 2,500.00
CASH FLOWS FROM CAPITAL & RELATED ACTIVITIES:	
Interest Paid	$ (6,153.11)
Debt Paid	(71,139.44)
Net Cash Provided by Capital & Related Activities	$ (77,292.55)
CASH FLOWS FROM INVESTING ACTIVITES:	
Interest Received	$ 1,375.14
Patronage Dividends Received	1,363.91
Net Cash Provided by Investing Activities	$ 2,739.05
Net Increase (Decrease) in Cash and Cash Equivalents	$ 31,003.99
Cash and Cash Equivalents at Beginning of Year	$ 559,723.64
Cash and Cash Equivalents at End of Year	$ 590,727.63
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ (12,683.29)
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	90,607.52
Closure and Postclosure Care Expense	(369.03)
(Increase) decrease in Receivables	22,498.33
(Increase) decrease in Prepaid Insurance	782.35
(Increase) decrease in Pension Related Deferred Outflows	(4,785.87)
(Increase) decrease in Net Pension Asset	(29,586.20)
(Decrease) increase in Accounts and Other Payables	7,563.87
(Decrease) increase in Accrued Wages Payable	201.33
(Decrease) increase in Accrued Leave Payable	1,384.94
(Decrease) increase in Pension Related Deferred Inflows	27,443.54
	$ 103,057.49

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

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

b. Basis of Presentation:

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 one major category: proprietary funds. An emphasis is placed on major fund. A fund is considered major if it is the primary operating fund of the District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenses of the enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenses of the enterprise fund are at least 5 percent of the corresponding total for all enterprise funds combined, or
3. Management has elected to classify one or more 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 District financial reporting entity are described below:

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. Governments should apply each of these criteria in the context of the activity's principal revenue sources.

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Solid Waste Fund – financed primarily by user charges, this fund accounts for the collection and disposal of solid waste. (SDCL 9-32-11 and 9-34A-6) This is a major fund.

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 expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

In the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position, business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Basis of Accounting:

In the financial statements, 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).

d. 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. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. 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.

The total December 31, 2022 and 2021 balances of business-type capital assets are all valued at original cost.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	$ 0.00	-----N/A------	------N/A------
Improvements other than buildings	$ 5,000.00	Straight-line	10-38 yrs.
Buildings	$ 5,000.00	Straight-line	31.5 yrs.
Machinery & Equipment	$ 5,000.00	Straight-line	5-20 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Capital assets used in proprietary fund operations are accounted for on the accrual basis.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

e. Long-Term Liabilities:

All long-term liabilities to be repaid from business-type resources are reported as liabilities in the statements. The long-term liabilities primarily consist of revenue notes and RECD loans.

The accounting for proprietary fund long-term liabilities is on the accrual basis.

f. 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.

g. Proprietary Funds Revenue and Expense Classifications:

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

h. Cash and Cash Equivalents:

For the purpose of the proprietary fund's Statement of Cash Flows, the District considers all highly liquid investments as deposits (including restricted assets) with a term to maturity of three months or less, at date of acquisition, to be cash equivalents.

i. Equity Classifications:

Equity is classified as net position and is displayed in three components.

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

j. Application of Net Position:

It is the 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

k. Pensions:

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

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

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized as follows:

Deposits – The District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1 and may be in the form of demand or time deposits. 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 District funds to be invested only in (a) securities of the United States and securities guaranteed by the Unites States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

Custodial Credit Risk – Investments – The risk that, in the event of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer.

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

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 District's policy is to credit all income from deposits and investments to the fund making the investment.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. RECEIVABLES AND PAYABLES

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

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the two years ended December 31, 2022, is as follows:

	Balance 01/01/2021	Increases	Decreases	Balance 12/31/2022
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	277,141.60			277,141.60
Total, not being depreciated	277,141.60	0.00	0.00	277,141.60
Capital Assets, being Depreciated:				
Buildings	310,315.87			310,315.87
Improvements Other Than Buildings	2,311,681.56			2,311,681.56
Machinery and Equipment	939,485.87			939,485.87
Total, being depreciated	3,561,483.30	0.00	0.00	3,561,483.30
Less Accumulated Depreciation for:				
Buildings	(235,086.96)	(20,230.76)		(255,317.72)
Improvements Other Than Buildings	(1,185,899.37)	(93,412.72)		(1,279,312.09)
Machinery and Equipment	(567,454.56)	(67,571.56)		(635,026.12)
Total Accumulated Depreciation	(1,988,440.89)	(181,215.04)	0.00	(2,169,655.93)
Total Business-Type Activities Capital Assets, being Depreciated, Net	1,573,042.41	(181,215.04)	0.00	1,391,827.37
Business-Type Activity Capital Assets, Net	1,850,184.01	(181,215.04)	0.00	1,668,968.97

Depreciation expense was charged to functions as follows:

Business-Type Activities:	2021	2022
Solid Waste	90,607.52	90,607.52
Total Depreciation Expense - Business-Type Activities	90,607.52	90,607.52

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. LONG-TERM DEBT

A summary of changes in long-term debt follows:

	Beginning Balance 01/01/21	Additions	Deletions	Ending Balance 12/31/22	Due Within One Year
Business-Type Activities:					
Rural Development Loan	17,516.39		17,001.86	514.53	514.53
DENR Land Loan	67,474.65		13,349.87	54,124.78	7,004.74
DENR Baler/Bagger Loan	53,430.66		35,220.55	18,210.11	18,210.11
DENR Leachate Collection Pond Loan	23,569.30		23,569.30	0.00	0.00
S.D. Revolving Fund Loan # 2	89,863.66		46,985.75	42,877.91	24,295.47
Total Debt	251,854.66	0.00	136,127.33	115,727.33	50,024.85
Accrued Compensated Absences - Business-Type Funds	5,803.85	12,179.86	10,700.80	7,282.91	5,000.00
Total Business-Type Activities	257,658.51	12,179.86	146,828.13	123,010.24	55,024.85

Debt payable at December 31, 2022 is comprised of the following:

Rural Development Loan, for Phase I, Trench II Construction. Interest Rate: 4.625%, Maturity Date: January 15, 2023.	$ 514.53
Department of Environment and Natural Resources Land Loan. Interest Rate 3.25%, Maturity Date: December 1, 2029.	$ 54,124.78
Department of Environment and Natural Resources Bale/Bagger Loan. Interest Rate 2.25%, Maturity Date: December 1, 2023.	$ 18,210.11
South Dakota Revolving Fund Loan Borrower Bond, Series 2012, for Trench # 2 Interest Rate: 2.25%, Maturity Date: July 15, 2024.	$ 42,877.91
Compensated Absences: Accrued Vacation and Sick leave of various employees payable from waste management fund	$ 7,282.91

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2022, except for compensated absences, but including interest payments of $8,139.48, are as follows:

Annual Requirements to Maturity for Long-Term Debt
December 31, 2022

Year Ending Dec. 31,	Rural Development Loan		DENR Land Loan		S.D. Revolving Loan Fund #2	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	514.53	34.73	7,004.74	1,702.60	24,295.47	760.73
2024			7,234.24	1,473.10	18,582.44	209.47
2025			7,471.27	1,236.07		
2026			7,716.05	991.29		
2027			7,968.86	738.48		
2028-2032			16,729.62	685.13		
Totals	514.53	34.73	54,124.78	6,826.67	42,877.91	970.20

Year Ending Dec. 31,	DENR - Baler/Bagger Loan		Totals	
	Principal	Interest	Principal	Interest
2023	18,210.11	307.86	50,024.85	2,805.92
2024			25,816.68	1,682.57
2025			7,471.27	1,236.07
2026			7,716.05	991.29
2027			7,968.86	738.48
2028-2032			16,729.62	685.13
Totals	18,210.11	307.86	115,727.33	8,139.46

6. RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2021 and 2022 were as follows:

	2021	2022
SDRS Purposes	10,440.25	11,960.52
Closure and Postclosure Care	513,648.45	535,497.32
Total Restricted Net Position	$524,088.70	$547,457.84

These balances are restricted due to federal grant and statutory requirements.

7. PENSION PLAN

Plan Information:
All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

http://www.sdrs.sd.gov/publications.aspx or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:
SDRS has 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 safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

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

Contributions:
Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. The District's share

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

of contributions to the SDRS for the fiscal years ended December 31, 2022, 2021, and 2020, were $5,082.19, $4,987.11, and $6,530.59, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources to Pensions:
At June 30, 2022, SDRS is 100.1% funded and accordingly has net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the District as of the measurement period ending June 30, 2022 and reported by the District as of December 31, 2022 are as follows:

Proportionate share of pension liability	$ 506,927.80
Less proportionate share of net pension restricted for pension benefits	$ 507,267.17
Proportionate share of net pension liability (asset)	$ (339.37)

At December 31, 2022, the District reported a liability (asset) of $(339.37) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the District's proportion was 0.00359100%, which is an increase (decrease) of (0.0003020%) from its proportion measured as of June 30, 2021.

At June 30, 2021, SDRS is 105.53% funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of the South Dakota Retirement System, for the District as of the measurement period ending June 30, 2021 and reported by the District as of December 31, 2021 are as follows:

Proportionate share of pension liability	$ 539,817.79
Less proportionate share of net pension restricted for pension benefits	$ 569,631.51
Proportionate share of net pension liability (asset)	$ (29,813.72)

At December 31, 2021, the District reported a liability (asset) of $(29,813.72) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the District's proportion was 0.00389300%, which is an increase (decrease) of (0.0013459%) from its proportion measured as of June 30, 2020.

For the year ended December 31, 2022, the District recognized pension expense (reduction of pension expense) of $(1,520.27). At December 31, 2022, the District reported deferred outflows of resources and deferred inflows or resources related to pension from the following sources:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	$ 6,460.20	$ 22.03
Changes in assumption.	$ 21,569.45	$ 18,902.74
Net difference between projected and actual earnings on pension plan investments.		$ 813.29
Changes in proportion and difference between District contributions and proportionate share of contributions.	$ 1,005.99	$ 187.52
District contributions subsequent to the measurement date.	$ 2,511.09	
TOTAL	$ 31,546.73	$ 19,925.58

$2,511.09 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended December 31:	
2023	$ 2,620.21
2024	$ 4,977.24
2025	$ (5,243.69)
2026	$ 6,756.30
TOTAL	$ 9,110.06

For the year ended December 31, 2021, the District recognized pension expense (reduction of pension expense) of ($6,928.53). At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	$ 1,070.39	$ 78.17
Changes in assumption.	$ 34,285.47	$ 14,930.28
Net difference between projected and actual earnings on pension plan investments.		$ 42,589.49
Changes in proportion and difference between District contributions and proportionate share of contributions.	$ 964.66	$ 546.43
District contributions subsequent to the measurement date.	$ 2,450.38	
TOTAL	$ 38,770.90	$ 58,144.37

$2,450.38 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended December 31:	
2022	$ (5,445.40)
2023	$ (3,480.27)
2024	$ (914.42)
2025	$ (11,983.76)
TOTAL	$ (21,823.85)

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Mortality Rates

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

Active and Terminated Vested Members:

- Teachers, Certified Regents, and Judicial PubT-2010
- Other Class A Members: PubG-2010
- Public Safety Members: PubS-2010

Retired Members:

- Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
- Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per Year until 111% of rates at age 83 and above.
- Public Safety Retirees: PubS-2010, 102% of rates at all ages.

Beneficiaries:

- PubG-2010 contingent survivor mortality table

Disabled Members:

- Public Safety: PubS-2010 disabled member mortality table
- Others: PubG-2010 disabled member mortality table

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

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 *percent*
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.25% and real returns of 4.25%
Future COLAs	2.25%

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

allocation percentage and by adding expected inflation. Best estimates of real rates 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 Real 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%	2.70%

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	0.9%
Total	100%	

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability (asset)	$ 70,467.48	$(339.37)	$(58,207.28)

The following presents the District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability (asset)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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
District's proportionate share of the net pension liability (asset)	$ 48,275.83	$(29,813.72)	$ (93,204.25)

Pension Plan Fiduciary Net Position:
Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

9. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2022 and 2021, the District was not involved in any significant litigation.

10. RISK MANAGEMENT

The 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 periods ended December 31, 2022 and 2021, the District managed its risks as follows:

Employee Health Insurance:
The District purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

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

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing Members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing Member with such a partial refund because the departing Member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing Member pursuant to the revised IGC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The District reflected the effects of the new SDPAA policy in the financial statements as a Change in Accounting Estimate in the Statement of Activities and the Fund Operating Statements and also eliminated the reporting of the Deposit on the Statement of Net Position and Fund Balance Sheet.
The District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:
The District joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The 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 District pays an annual premium to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first $650,000 of any claim per individual. The pool has reinsurance which covers up to an additional $2,000,000 per individual per incident.

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

11. LANDFILLS

State and federal laws and regulations require the District to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the District reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $392,500.39 reported as landfill closure and post closure care liability at December 31, 2022, represents the cumulative amount reported to date based on the use of 40.4% of the estimated capacity of the landfill. The District will recognize the remaining estimated cost of closure and post closure care of $578,757.61 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2022. The District expects to close the landfill in the year 2056 which would indicate a remaining landfill life of 33 years and 11 months. Actual cost may be higher due to inflation changes in technology, or changes in regulations.

The District is required by state and federal laws and regulations to make annual contributions to an escrow to finance closure and post closure care. These are reported as restricted assets on the balance sheet. These assets being held in trust are not available to the District without prior approval of the State of South Dakota Department of Environment and Natural Resources. The District expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example.), these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

12. GOING CONCERN

There is a concern about Southern Missouri Recycling and Waste Management District's ability to continue as a going concern. Conditions giving rise to this assessment include low tonnage numbers, several late payments, long-term debt requirements. The board is aware of these issues and is discussing alternative options to continue as a going concern.

13. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through November 16, 2023, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

South Dakota Retirement System

Last Eight Years *

	District's proportion of the net pension liability/asset	District's proportionate share of net pension liability (asset)	District's covered payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2022	0.0035910%	(339.37)	$ 83,692.87	0.41%	100.10%
2021	0.0038930%	(29,813.72)	$ 96,617.64	30.86%	105.52%
2020	0.0052389%	(227.52)	$ 113,655.86	0.20%	100.04%
2019	0.0061234%	(648.91)	$ 117,779.74	0.55%	100.09%
2018	0.0058324%	(136.03)	$ 115,298.71	0.12%	100.02%
2017	0.0057576%	(522.51)	$ 111,186.60	0.47%	100.10%
2016	0.0057617%	19,462.46	$ 106,814.86	18.22%	96.89%
2015	0.0056818%	(24,098.14)	$ 103,737.96	23.23%	104.10%

* The amounts presented were determined as of the measurement date of the collective net pension liability (asset) which is 06/30. Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

South Dakota Retirement System

Last Eight Years *

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2022	5,082.19	5,082.19	$ -	84,701.67	6.00%
2021	4,987.11	4,987.11	$ -	83121..84	6.00%
2020	6,530.59	6,530.59	$ -	108,844.86	6.00%
2019	7,114.16	7,114.16	$ -	118,565.74	6.00%
2018	6,970.93	6,970.93	$ -	116,183.71	6.00%
2017	6,859.50	6,859.50	$ -	114,326.60	6.00%
2016	6,530.59	6,530.59	$ -	108,844.86	6.00%
2015	6,299.05	6,299.05	$ -	104,985.96	6.00%

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

Notes to Required Supplementary Information
for the Year Ended December 31, 2022
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.0% (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%.

Notes to Required Supplementary Information
for the Year Ended December 31, 2022
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.
(Continued)

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

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

Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of 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.