

**OLDHAM-RAMONA
SCHOOL DISTRICT NO. 39-5**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2021

**OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2021**

School Board

Zach Hildebrandt

Lance Hageman

Brian Hanson

Lori Hyland

Bryan Jatón

Business Manager

Cassi Johnson

Superintendent

Michael Fischer

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QUAM, BERGLIN & POST, P.C.

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INDEPENDENT AUDITOR'S REPORT

School Board
Oldham-Ramona School District No. 39-5
Lake County, South Dakota

Report on the Financial Statements

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 Oldham-Ramona School District No. 39-5, Lake County, South Dakota (School District), as of June 30, 2021 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.

Management's Responsibility for the Financial Statements

The Oldham-Ramona School District's 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; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinions

The School District did not adopt Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*, which is a departure from accounting principles generally accepted in the

United States of America (USGAAP). The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses/expenditures of the governmental activities, the general governmental fund and the aggregate remaining fund information is not reasonably determinable.

Qualified Opinions

In our opinion, except for the matters described in the "Basis for Qualified Opinions" section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general governmental fund and the aggregate remaining fund information of Oldham-Ramona School District No.39-5 as of June 30, 2021, 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the capital outlay, and the special education governmental funds, and the other enterprise and food service enterprise funds of Oldham-Ramona School District as of June 30, 2021, 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.


Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Budgetary Comparison Schedules, and the Pension Schedules, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such 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 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 the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts 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* and should be considered in assessing the results of our audit.


Quam, Berglin & Post, P.C.
May 19, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Oldham-Ramona School District 39-5's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2021. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's net position from governmental and business-type activities (government-wide statements) increased \$286,112 primarily due to an increase in revenues.
- During the year, the School's revenues generated from taxes and other revenues, of the governmental activities, were more than the expenses by \$343,051.
- The total governmental activities expenses for the fiscal year ending June 30, 2021 were \$2,549,816 and the expenses for the fiscal year ending June 30, 2020 were \$2,460,189, which is an increase of \$343,051.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 1. The governmental funds statements tell how basic services, e.g. regular and special education, were financed in the short-term as well as what remains for future spending.
 2. Proprietary fund statements offer short and long-term financial information about the activities that the school operates like a business and the activities that provide services for its other programs and activities, i.e., internal service activities. The proprietary funds operated by the school are the Food Service and Other Enterprise Funds.
 3. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent of resources that belong to others, e.g. student clubs (agency funds).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1
Required Components of
Oldham-Ramona School District's Annual Financial Report

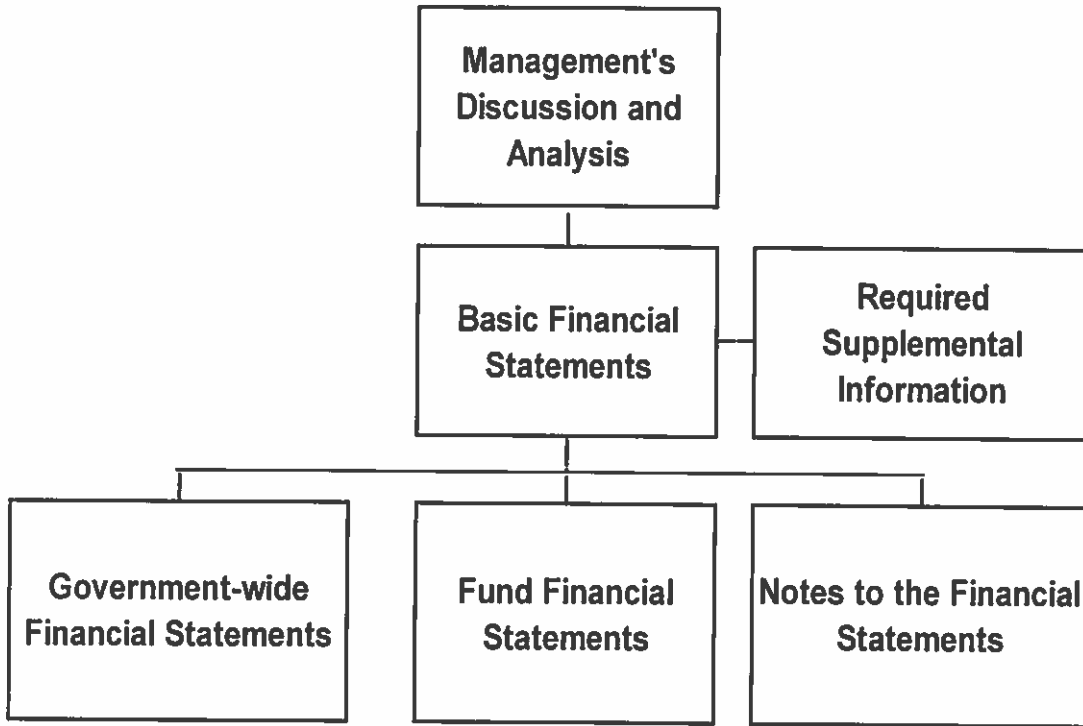


Figure A-2 summarizes the major features of the School's financial statements, including the portion of the School government covered and the types of information contained. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-2

Major Features of Oldham-Ramona School District's Government-Wide and Fund Financial Statements				
	Government-Wide	Fund Statements		
	Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except for fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the School operates similar to private businesses, the food service and after school programs.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Net Position *Statement of Changes in Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements:

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position, i.e., the difference between the School's assets and liabilities, is one way to measure the School's financial health or position.

- Increases or decreases in the School's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the School you need to consider additional nonfinancial factors such as changes in the School's property tax base and changes in the state school aid funding formula from the State of South Dakota.

The government-wide financial statements of the School are reported in two categories:

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance, counselor, executive administration, board of education, fiscal services, etc.) debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state aid and grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** – The school charges a fee to students to help cover the costs of providing hot lunch services to all students. For government-wide financial statements, the Food Service and Other Enterprise Funds are the business-type activities of the School.

Fund Financial Statements:

The fund financial statements provide more detailed information about the School's most significant or "major" funds, not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes.

- State law requires some of the funds
- The School Board establishes other funds to control and manage money for particular purposes (like the Scholarship Trust)

The School has three generic kinds of funds:

- **Governmental Funds** - Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily convert to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- **Proprietary Funds** - Services for which the School charges customers a fee is generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both short and long-term financial information. The District uses an enterprise fund (one type of proprietary fund) to report the activities of its food service program and another to report it's after school and drivers' education programs.
- **Fiduciary Funds** - The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the School's government-wide financial statements because the School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position:

The School's combined net position increased as follows:

TABLE A-1
OLDHAM-RAMONA SCHOOL DISTRICT 39-5
STATEMENT OF NET POSITION

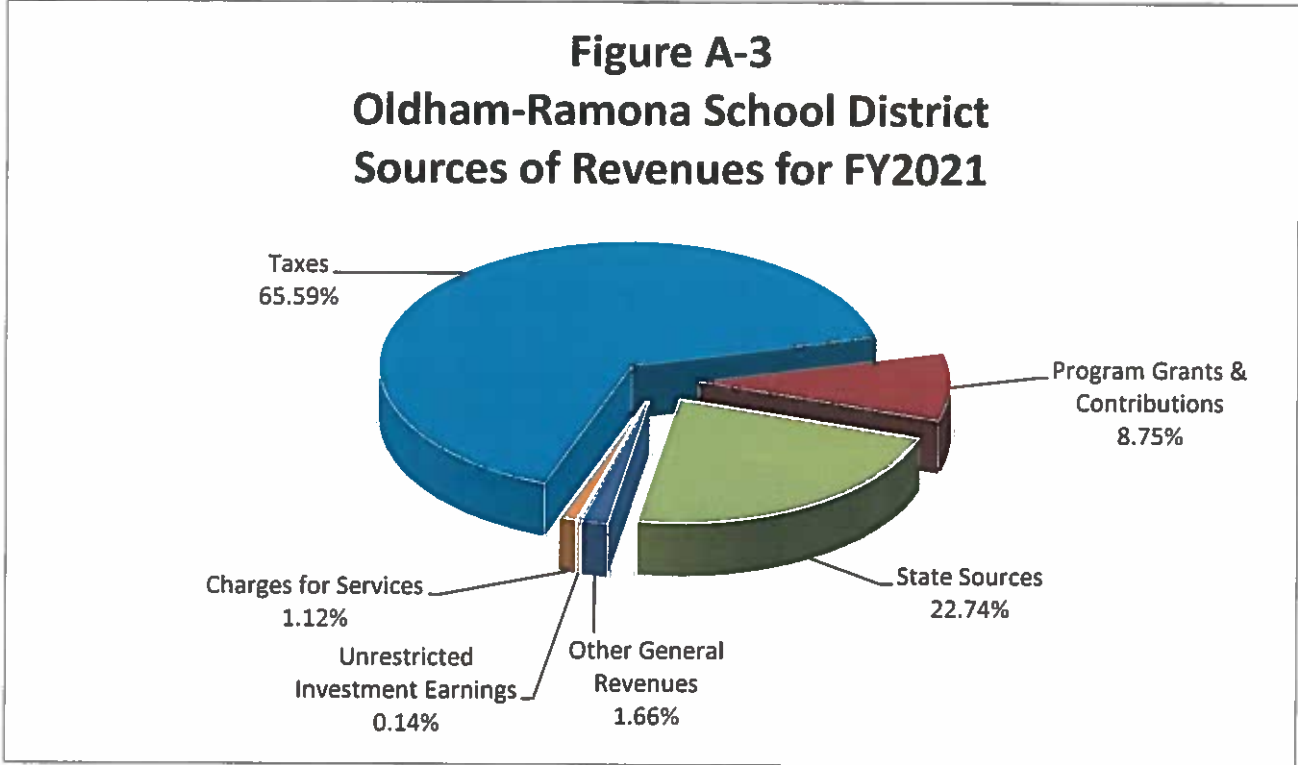
	Governmental Activities		Primary Government Business-Type Activities		Total	
	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
	Current and Other Assets	\$ 3,975,770.36	\$ 3,657,400.80	\$ 55,627.99	\$ 11,565.86	\$ 4,031,398.35
Capital Assets	1,445,255.75	1,399,800.14	18,298.73	4,920.31	1,463,554.48	1,404,720.45
Total Assets	5,421,026.11	5,057,200.94	73,926.72	16,486.17	5,494,952.83	5,073,687.11
Pension Related Deferred Outflow:	304,119.29	386,478.76			304,119.29	386,478.76
Long-Term Debt Outstanding	745,938.92	220,721.10			745,938.92	220,721.10
Other Liabilities	221,090.98	3,959.28	573.66	71.62	221,664.64	4,030.90
Total Liabilities	967,029.90	224,680.38	573.66	71.62	967,603.56	224,752.00
Pension Related Deferred Inflows	148,987.09	321,907.75			148,987.09	321,907.75
Taxes Levied for Future Period	839,074.79	783,986.97			839,074.79	783,986.97
Total Deferred Inflows of Resourc	988,061.88	1,105,894.72			988,061.88	1,105,894.72
Net Position:						
Net Investment in Capital Assets	705,255.75	1,399,800.14	18,298.73	4,920.31	723,554.48	1,404,720.45
Restricted	2,314,843.91	2,078,080.70			2,314,843.91	2,078,080.70
Unrestricted	749,953.96	635,223.76	55,054.33	11,494.24	805,008.29	646,718.00
Total Net Position	3,770,053.62	4,113,104.60	73,353.06	16,414.55	3,843,406.68	4,129,519.15
Increase (Decrease) in Net Positio	313,736.30	343,050.98	5,566.26	(56,938.51)	319,302.56	286,112.47
Beginning Net Position	3,456,317.32	3,770,053.62	67,786.80	73,353.06	3,524,104.12	3,843,406.68
Prior Period Adjustment						
Ending Net Position	\$ 3,770,053.62	\$ 4,113,104.60	\$ 73,353.06	\$ 16,414.55	\$ 3,843,406.68	\$ 4,129,519.15
Percentage of Increase (Decrease) in Net Position	9.1%	9.1%	8.2%	-77.6%	9.1%	7.4%

This section explains the differences between the current and prior year's assets, liabilities, and changes in net position.

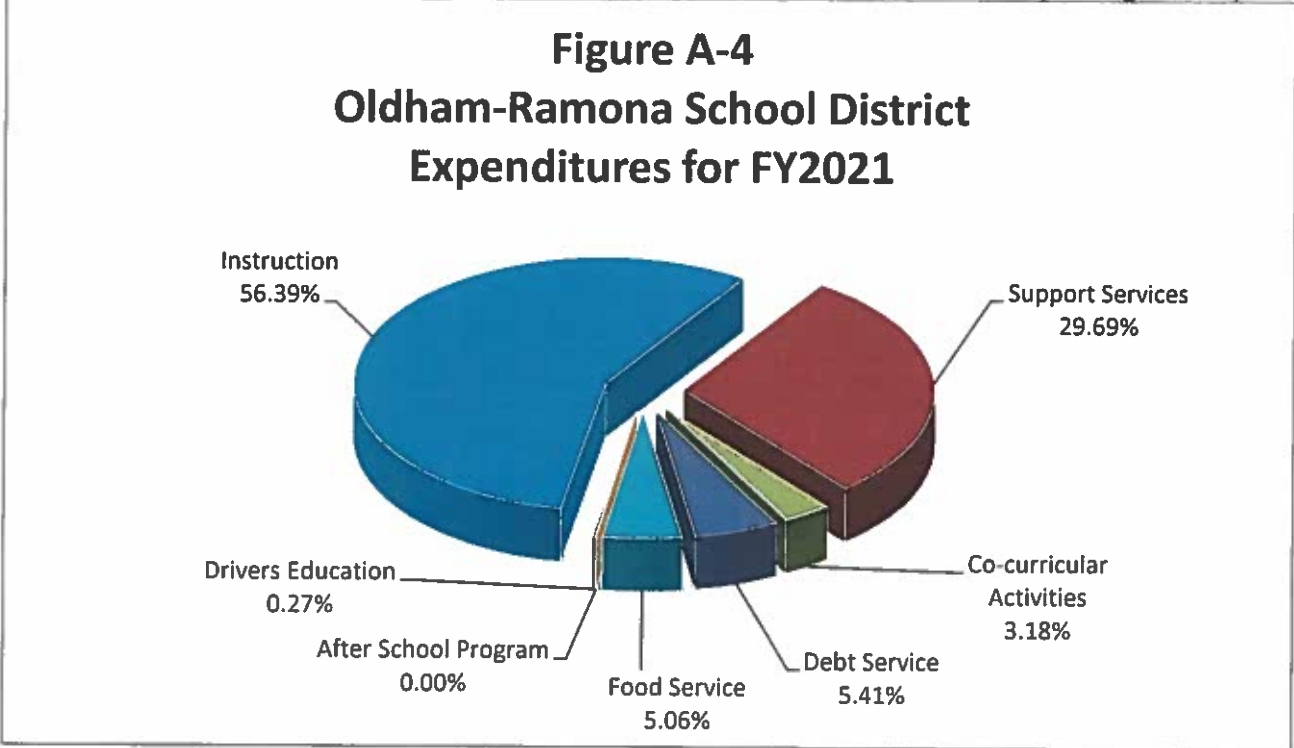
The Statement of Net Position reports all financial and capital resources. The Statement presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components - the amount due within one year and the amount due in more than one year. The long-term liabilities of the school, consisting of general obligation bonds, capital outlay certificates payable, financing leases, and other post-employment benefits payable have been reported in this manner on the Statement of Net Position. The difference between the school's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

Changes in Net Position:

The School's total revenues totaled \$2,979,538 (See table A-2). Approximately 66% of the School's revenue comes from property taxes, with another 23% coming from State Aid (See Figure A-3).



The School's expenses totaled \$2,693,425 (see table A-2) and covered a range of services, including instruction, support services, food service, and co-curricular activities (See figure A-4).



**TABLE A-2
 OLDHAM-RAMONA SCHOOL DISTRICT 39-5
 CHANGES IN NET POSITION**

	<u>Total Governmental Activities</u>		<u>Total Business-Type Activities</u>		<u>Total</u>	
	<u>FY2020</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2021</u>
Revenues						
Program Revenues						
Charges for Services	\$ 22,395.09	\$ 13,248.05	\$ 36,931.04	\$ 20,211.35	\$ 59,326.13	\$ 33,459.40
Operating Grants and Contributions	92,221.90	194,654.24	68,143.79	66,109.26	160,365.69	260,763.50
General Revenues						
Taxes	1,895,212.59	1,954,391.43			1,895,212.59	1,954,391.43
Revenue State Sources	688,704.16	677,125.16	360.59	350.55	689,064.75	677,475.71
Other General Revenues	67,591.07	49,419.72			67,591.07	49,419.72
Unrestricted Investment Earnings	7,800.30	4,028.09			7,800.30	4,028.09
Total Revenues	<u>2,773,925.11</u>	<u>2,892,866.69</u>	<u>105,435.42</u>	<u>86,671.16</u>	<u>2,879,360.53</u>	<u>2,979,537.85</u>
Expenses						
Instruction	1,643,355.67	1,518,599.40			1,643,355.67	1,518,599.40
Support Services	713,217.01	799,810.41			713,217.01	799,810.41
Debt Services	22,312.14	145,834.05			22,312.14	145,834.05
Cocurricular Activities	81,303.99	85,571.85			81,303.99	85,571.85
Food Service			94,802.47	113,633.51	94,802.47	113,633.51
After School Program			4,842.47		4,842.47	
Drivers Education			224.22	7,321.16	224.22	7,321.16
Total Expenses	<u>2,460,188.81</u>	<u>2,549,815.71</u>	<u>99,869.16</u>	<u>120,954.67</u>	<u>2,560,057.97</u>	<u>2,670,770.38</u>
Increase (Decrease) in Net Position	<u>\$ 313,736.30</u>	<u>\$ 343,050.98</u>	<u>\$ 5,566.26</u>	<u>\$ (34,283.51)</u>	<u>\$ 319,302.56</u>	<u>\$ 308,767.47</u>
Prior Period Adjustment				(22,655.00)		(22,655.00)
NET POSITION - ENDING	<u>3,770,053.62</u>	<u>4,113,104.60</u>	<u>73,353.06</u>	<u>16,414.55</u>	<u>3,843,406.68</u>	<u>4,129,519.15</u>

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Table A-2 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the school.

Governmental Activities:

The School's total revenues totaled \$2,892,867 (See table A-2). Approximately 66% of the School's revenue comes from property taxes, with another 23% coming from State Aid.

The School's expenses totaled \$2,549,816 (see table A-2) and covered a range of services, including instruction, support services, food service, and co-curricular activities (See figure A-4).

Business Type Activities:

Revenues of the School's business-type activities (Food Service & Other Enterprise Funds) decreased by \$18,764 to \$86,671 and expenses increased by \$21,086 to \$120,955 due to COVID-19 school closure March, 2020. Students received free meals during the 2020-2021 school year.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Fund balances changed as follows: General Fund decreased \$118,443 as a result of increased expenses. The Capital Outlay Fund decreased \$140,335 due to paying off certificates. The Special Education Fund decreased \$9,576 due to expenses being higher than revenue.

Overall, the cumulative fund balances decreased \$268,354 from \$2,903,921 at the end of FY 2020 to \$2,635,568 at June 30, 2021.

BUDGETARY HIGHLIGHTS

Over the course of the year, the School Board revised the School budget several times. These amendments fall into two categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

CAPITAL ASSET ADMINISTRATION

At the end of 2021, the School had the following changes in Capital Assets (See Table A-3).

Table A-3
OLDHAM-RAMONA SCHOOL DISTRICT 39-5 - Capital Assets
(net of accumulated depreciation)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>FY2020</u>	<u>FY2021</u>	Increase/ (Decrease)	<u>FY2020</u>	<u>FY2021</u>	Increase/ (Decrease)
Land	\$ 795.00	\$ 795.00	\$	\$	\$	\$
Buildings	1,142,924.30	1,073,202.61	(69,721.69)			
Improvements other than Build	99,446.76	94,555.77	(4,890.99)			
Machinery and Equipment	193,440.22	221,704.52	28,264.30	18,298.73	4,920.39	(13,378.34)
Library Books	8,649.47	9,542.24	892.77			
Total Capital Assets	\$ 1,445,255.75	\$ 1,399,800.14	\$ (45,455.61)	\$ 18,298.73	\$ 4,920.39	\$ (13,378.34)

LONG-TERM DEBT

At year-end the School paid in full the Capital Outlay Certificates as shown on Table A-4 below.

Table A-4
OLDHAM-RAMONA SCHOOL DISTRICT 39-5
Outstanding Debt and Obligations

	<u>Governmental Activities</u>		<u>Total</u>
	<u>FY2020</u>	<u>FY2021</u>	<u>% Change</u>
Capital Outlay Certificates	\$ 740,000.00	\$	-100.00%
Finance (Capital Acquisition) Lease	5,938.92	3,959.28	100.00%
Debt and Obligations	\$ 745,938.92	\$ 3,959.28	-99.47%
Net Increase (Decrease)			-99.47%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The School's current economic position has shown little change. The School experienced a \$47,357 increase in total property taxes from the prior year and a decrease in State Aid of \$11,579 due to a decline in student enrollment. The total amount that can be levied is limited by the State of South Dakota. However, in addition to the property taxes, the school also collected \$200,000 in county opt-out monies.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Oldham-Ramona School District's Business Office, 220 West 2nd Street, Ramona, SD 57054.

OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 2,785,034.77	\$ 6,506.51	\$ 2,791,541.28
Taxes Receivable	798,759.03		798,759.03
Accounts Receivable	964.20	202.23	1,166.43
Due From Other Government	58,529.75		58,529.75
Inventories		4,857.12	4,857.12
Deposit-Health Insurance Pool	11,760.00		11,760.00
Net Pension Asset	2,353.05		2,353.05
Capital Assets:			
Land	795.00		795.00
Other Capital Assets, Net of Depreciation	1,399,005.14	4,920.31	1,403,925.45
TOTAL ASSETS	5,057,200.94	16,486.17	5,073,687.11
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	386,478.76		386,478.76
TOTAL DEFERRED OUTFLOWS OF RESOURCES	386,478.76		386,478.76
LIABILITIES:			
Accounts Payable	43,400.85	71.62	43,472.47
Accrued Wages and Benefits	177,320.25		177,320.25
Noncurrent Liabilities:			
Due Within One Year	1,979.64		1,979.64
Due in More than One Year	1,979.64		1,979.64
TOTAL LIABILITIES	224,680.38	71.62	224,752.00
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for Future Period	783,986.97		783,986.97
Pension Related Deferred Inflows	321,907.75		321,907.75
TOTAL DEFERRED INFLOWS OF RESOURCES	1,105,894.72		1,105,894.72
NET POSITION:			
Net Investment in Capital Assets	1,399,800.14	4,920.31	1,404,720.45
Restricted for:			
Capital Outlay	1,793,110.40		1,793,110.40
Special Education	206,286.24		206,286.24
Health Insurance Purposes	11,760.00		11,760.00
SDRS Pension Purposes	66,924.06		66,924.06
Unrestricted	635,223.76	11,494.24	646,718.00
TOTAL NET POSITION	\$ 4,113,104.60	\$ 16,414.55	\$ 4,129,519.15

The attached notes are an integral part of these financial statements.

OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Primary Government			
		Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:							
Governmental Activities:							
Instruction	\$1,518,599.40	\$ 1,595.00	\$ 194,654.24	\$(1,322,350.16)	\$		\$(1,322,350.16)
Support Services	923,130.10	3,101.20		(920,028.90)			(920,028.90)
*Interest on Long-term Debt	22,514.36			(22,514.36)			(22,514.36)
Cocurricular Activities	85,571.85	8,551.85		(77,020.00)			(77,020.00)
Total Governmental Activities	<u>2,549,815.71</u>	<u>13,248.05</u>	<u>194,654.24</u>	<u>(2,341,913.42)</u>			<u>(2,341,913.42)</u>
Business-type Activities:							
Food Service	113,633.51	13,941.35	66,109.26		(33,582.90)		(33,582.90)
Drivers Education Program	7,321.16	6,270.00			(1,051.16)		(1,051.16)
Total Business-type Activities	<u>120,954.67</u>	<u>20,211.35</u>	<u>66,109.26</u>		<u>(34,634.06)</u>		<u>(34,634.06)</u>
Total Primary Government	<u>\$2,670,770.38</u>	<u>\$ 33,459.40</u>	<u>\$ 260,763.50</u>	<u>(2,341,913.42)</u>	<u>(34,634.06)</u>		<u>(2,376,547.48)</u>
General Revenues:							
Taxes:							
Property Taxes				1,912,369.68			1,912,369.68
Utility Taxes				42,021.75			42,021.75
Revenue from State Sources:							
State Aid			677,125.16		350.55		677,475.71
Unrestricted Investment Earnings			4,028.09				4,028.09
Other General Revenues			49,419.72				49,419.72
Total General Revenues			<u>2,684,964.40</u>		<u>350.55</u>		<u>2,685,314.95</u>
Change in Net Position			<u>343,050.98</u>		<u>(34,283.51)</u>		<u>308,767.47</u>
Net Position - Beginning			3,770,053.62		73,353.06		3,843,406.68
Prior Period Adjustment					<u>(22,655.00)</u>		<u>(22,655.00)</u>
Adjusted NET POSITION - Beginning			<u>3,770,053.62</u>		<u>50,698.06</u>		<u>3,820,751.68</u>
NET POSITION - ENDING			<u>\$ 4,113,104.60</u>		<u>\$ 16,414.55</u>		<u>\$ 4,129,519.15</u>

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

The attached notes are an integral part of these financial statements.

**OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 736,183.81	\$1,795,528.55	\$253,322.41	\$ 2,785,034.77
Taxes Receivable--Current	316,562.75	304,543.40	162,880.82	783,986.97
Taxes Receivable--Delinquent	7,576.75	4,981.01	2,214.30	14,772.06
Accounts Receivable	964.20			964.20
Due from Government	58,529.75			58,529.75
Deposit Health Insurance Reserve Pool	10,192.00		1,568.00	11,760.00
TOTAL ASSETS	1,130,009.26	2,105,052.96	419,985.53	3,655,047.75
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	8,493.88	3,439.88	31,467.09	43,400.85
Contracts Payable	125,361.18		15,021.00	140,382.18
Payroll Deductions and Withholdings and Employer Matching Payable	32,607.69		4,330.38	36,938.07
Total Liabilities	166,462.75	3,439.88	50,818.47	220,721.10
Deferred Inflows of Resources:				
Taxes Levied for a Future Period	316,562.75	304,543.40	162,880.82	783,986.97
Unavailable Revenue-Property Taxes	7,576.75	4,981.01	2,214.30	14,772.06
Total Deferred Inflows of Resources	324,139.50	309,524.41	165,095.12	798,759.03
Fund Balances:				
Nonspendable	10,192.00		1,568.00	11,760.00
Restricted		1,792,088.67	202,503.94	1,994,592.61
Assigned	104,799.00			104,799.00
Unassigned	524,416.01			524,416.01
Total Fund Balances	639,407.01	1,792,088.67	204,071.94	2,635,567.62
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$1,130,009.26	\$2,105,052.96	\$419,985.53	\$ 3,655,047.75

The attached notes are an integral part of these financial statements.

**OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balances - Governmental Funds		\$ 2,635,567.62
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost of Capital Assets:	\$2,929,598.47	
Accumulated Depreciation:	<u>(1,529,798.33)</u>	1,399,800.14
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:		
Financing Lease		(3,959.28)
Net Pension Asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		
		2,353.05
Pension related deferred outflows are components of pension asset and therefore are not reported in the funds.		
		386,478.76
Pension related deferred inflows are components of related liabilities and therefore are not reported in the funds.		
		(321,907.75)
Assets such as taxes receivable are not available to pay for current period expenditures, are deferred in the funds.		
		<u>14,772.06</u>
Net Position - Governmental Funds		<u>\$ 4,113,104.60</u>

The attached notes are an integral part of these financial statements.

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OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Capital</u>	<u>Special</u>	<u>Total</u>
	<u>Fund</u>	<u>Outlay</u>	<u>Education</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 743,859.72	\$ 765,298.82	\$ 381,680.57	\$ 1,890,839.11
Prior Years' Ad Valorem Taxes	4,947.49	2,584.00	1,185.04	8,716.53
Utility Taxes	42,021.75			42,021.75
Penalties and Interest on Taxes	1,649.45	1,405.79	620.74	3,675.98
Tuition and Fees	1,595.00			1,595.00
Earnings on Investments and Deposits	4,028.09			4,028.09
Cocurricular Activities:				
Admissions	5,157.00			5,157.00
Other	3,394.85			3,394.85
Other Revenue from Local Sources:				
Rentals	12,285.18			12,285.18
Contributions and Donations	3,609.22			3,609.22
Refund of Prior Years' Expend (ERATE)		22,908.18		22,908.18
Charges for Services	2,368.87		732.33	3,101.20
Other	2,858.53	745.27	6,710.78	10,314.58
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	7,017.23			7,017.23
Revenue in Lieu of Taxes	1,435.33			1,435.33
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	677,125.16			677,125.16
Restricted Grants-in-Aid	2,328.41			2,328.41
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government Through the State	30,425.00	41,984.00	2,597.00	75,006.00
Unrestricted Grants-in-Aid Received from				

Federal Government Through an Intermediate Source	1,585.39	1,871.20	1,000.85	4,457.44
Restricted Grants-in-Aid Received from				
Federal Government Through the State	89,339.39	16,606.00	6,917.00	112,862.39
Total Revenue	<u>1,637,031.06</u>	<u>853,403.26</u>	<u>401,444.31</u>	<u>2,891,878.63</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	468,187.97	45,577.21		513,765.18
Middle/Junior High	131,875.01	14,955.00		146,830.01
High School	285,809.85	19,285.36		305,095.21
Other Regular Programs	78,790.04			78,790.04
Special Programs:				
Programs for Special Education			246,247.82	246,247.82
Programs for Educationally Deprived	54,515.05			54,515.05
Support Services:				
Pupils:				
Guidance	45,220.73			45,220.73
Health	313.10		203.16	516.26
Psychological			4,801.56	4,801.56
Speech Pathology			8,760.61	8,760.61
Student Therapy			5,890.68	5,890.68
Support Services - Instructional Staff:				
Improvement of Instruction	8,067.06	26,319.22		34,386.28
Educational Media	11,811.57			11,811.57
Support Services - General Administration:				
Board of Education	33,893.23			33,893.23
Executive Administration	132,943.92	1,705.93		134,649.85
Other Support Services	73,363.51			73,363.51
Support Services - Business:				
Fiscal Services	65,878.12	7,975.90		73,854.02
Operation and Maintenance of Plant	203,409.62	23,083.77		226,493.39
Pupil Transportation	78,243.38	950.00		79,193.38
Food Services	4,514.96			4,514.96
Support Services - Special Education:				
Administrative Costs			21,675.62	21,675.62
Other Special Education Costs			123,440.65	123,440.65
Debt Services		764,494.00		764,494.00

OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Cocurricular Activities:				
Male Activities	16,766.40			16,766.40
Female Activities	22,237.56			22,237.56
Transportation	2,591.36			2,591.36
Combined Activities	37,041.82	6,934.71		43,976.53
Capital Outlay		82,456.92		82,456.92
Total Expenditures	<u>1,755,474.26</u>	<u>993,738.02</u>	<u>411,020.10</u>	<u>3,160,232.38</u>
Excess of Revenue Over (Under) Expenditures	(118,443.20)	(140,334.76)	(9,575.79)	(268,353.75)
Fund Balance - July 1, 2020	<u>757,850.21</u>	<u>1,932,423.43</u>	<u>213,647.73</u>	<u>2,903,921.37</u>
FUND BALANCE - JUNE 30, 2021	<u>\$ 639,407.01</u>	<u>\$ 1,792,088.67</u>	<u>\$ 204,071.94</u>	<u>\$ 2,635,567.62</u>

The attached notes are an integral part of these financial statements.

**OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ (268,353.75)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays during this period.

Capital Outlays	\$ 82,456.92	
Depreciation Expense	<u>(119,762.53)</u>	(37,305.61)

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 assets.

Capital Outlay Certificates	740,000.00	
Financing (Capital Acquisition) Lease	<u>1,979.64</u>	741,979.64

Changes in capital assets that are not reflected in the governmental funds.

Gain (Loss) on Disposal of Assets		(8,150.00)
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Changes in the pension related deferred outflows/inflows are direct components of pension liability(asset) and are not reflected in the governmental funds.

(94,257.36)

In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".

9,138.06

Change in Net Position of Governmental Activities	<u><u>\$ 343,050.98</u></u>
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The attached notes are an integral part of these financial statements.

OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Food Service Fund</u>	<u>Other Enterprise Fund</u>	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 4,481.18	\$ 2,025.33	\$ 6,506.51
Accounts Receivable	202.23		202.23
Inventory of Stores Purchased for Resale	2,195.20		2,195.20
Inventory of Donated Food	<u>2,661.92</u>		<u>2,661.92</u>
Total Current Assets	<u>9,540.53</u>	<u>2,025.33</u>	<u>11,565.86</u>
Noncurrent Assets:			
Machinery and Equipment	136,226.61		136,226.61
Less: Accumulated Depreciation	<u>(131,306.30)</u>		<u>(131,306.30)</u>
Total Noncurrent Assets	<u>4,920.31</u>		<u>4,920.31</u>
TOTAL ASSETS	<u>14,460.84</u>	<u>2,025.33</u>	<u>16,486.17</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	<u>71.62</u>		<u>71.62</u>
Total Current Liabilities	<u>71.62</u>		<u>71.62</u>
NET POSITION:			
Net Investment in Capital Assets	4,920.31		4,920.31
Unrestricted Net Position	<u>9,468.91</u>	<u>2,025.33</u>	<u>11,494.24</u>
TOTAL NET POSITION	<u>\$ 14,389.22</u>	<u>\$ 2,025.33</u>	<u>\$ 16,414.55</u>

The attached notes are an integral part of these financial statements.

OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Total
Operating Revenue:			
Food Sales:			
To Pupils	\$ 11,139.35	\$	\$ 11,139.35
To Adults	2,620.75		2,620.75
Other Charges for Goods and Services	181.25	6,270.00	6,451.25
Total Operating Revenue	13,941.35	6,270.00	20,211.35
Operating Expenses:			
Salaries	42,785.81	6,042.60	48,828.41
Employee Benefits	5,703.67	882.07	6,585.74
Purchased Services	6,761.26	334.56	7,095.82
Supplies	2,527.58	61.93	2,589.51
Cost of Sales-Purchased Food	35,796.25		35,796.25
Cost of Sales-Donated Food	4,995.09		4,995.09
Non-Consumable Supplies-Equip	1,369.88		1,369.88
Other	315.55		315.55
Depreciation	13,378.42		13,378.42
Total Operating Expenses	113,633.51	7,321.16	120,954.67
Operating Income (Loss)	(99,692.16)	(1,051.16)	(100,743.32)
Nonoperating Revenue (Expense):			
State Sources:			
Cash Reimbursements	350.55		350.55
Federal Sources:			
Grants-in-Aid CRF	994.00		994.00
Restricted Grants-in-Aid Received from Federal Government Through the State	5,740.00		5,740.00
Cash Reimbursements	53,944.49		53,944.49
Donated Food	5,430.77		5,430.77
Total Nonoperating Revenue (Expense)	66,459.81		66,459.81
Income (Loss) Before Transfers	(33,232.35)	(1,051.16)	(34,283.51)
Net Position - Beginning	70,276.57	3,076.49	73,353.06
Prior Period Adjustment	(22,655.00)		(22,655.00)
Net Position - Adjusted Beginning	47,621.57	3,076.49	50,698.06
NET POSITION - ENDING	\$ 14,389.22	\$ 2,025.33	\$ 16,414.55

The attached notes are an integral part of these financial statements.

OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 15,182.55	\$ 6,470.00	\$ 21,652.55
Payments to Suppliers	(45,423.15)	(396.49)	(45,819.64)
Payments to Employees	(48,489.48)	(6,924.67)	(55,414.15)
Net Cash Provided (Used) by Operating Activities	(78,730.08)	(851.16)	(79,581.24)
Cash Flows from Noncapital Financing Activities:			
Operating Subsidies	61,029.04		61,029.04
Net Cash Provided (Used) by Noncapital Financing Activities	61,029.04		61,029.04
 Net Increase (Decrease) in Cash and Cash Equivalents	 \$ (17,701.04)	 \$ (851.16)	 \$ (18,552.20)
 Cash and Cash Equivalents at Beginning of Year	 \$ 22,182.22	 \$ 2,876.49	 \$ 25,058.71
Cash and Cash Equivalents at End of Year	4,481.18	2,025.33	6,506.51
 Net Increase (Decrease) in Cash and Cash Equivalents	 \$ (17,701.04)	 \$ (851.16)	 \$ (18,552.20)
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (122,347.16)	\$ (1,051.16)	\$ (123,398.32)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	13,378.42		13,378.42
Value of Commodities Used	4,995.09		4,995.09
Change in Assets and Liabilities:			
Receivables	1,241.20	200.00	1,441.20
Accounts and Other Payables	(502.04)		(502.04)
Inventories	24,504.41		24,504.41
Net Cash Provided (Used) by Operating Activities	\$ (78,730.08)	\$ (851.16)	\$ (79,581.24)
 Noncash Investing, Capital and Financing Activities:			
Value of Commodities Received	\$ 5,430.77		

The attached notes are an integral part of these financial statements.

**OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	Private-Purpose Trust Funds	Custodial Funds
ASSETS:		
Cash and Cash Equivalents	\$ 7,500.00	\$ 33,686.98
Accounts Receivable		1,265.63
TOTAL ASSETS	7,500.00	34,952.61
 LIABILITIES:		
Amounts Held for Others		34,952.61
Total Liabilities		\$ 34,952.61
 NET POSITION		
Held in Trust for Scholarships	\$ 7,500.00	

The attached notes are an integral part of these financial statements.

**OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Private-Purpose Trust Funds</u>
ADDITIONS:	
Contributions and Donations	<u>\$ 1,900.00</u>
Total Additions	<u>1,900.00</u>
DEDUCTIONS:	
Scholarships	<u>400.00</u>
Total Deductions	<u>400.00</u>
Change in Net Position	1,500.00
Net Position - Beginning	<u>6,000.00</u>
NET POSITION - ENDING	<u>\$ 7,500.00</u>

The attached notes are an integral part of these financial statements.

OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School District conform to generally accepted accounting principles applicable to government entities of the United States of America.

a. Financial Reporting Entity

The reporting entity of Oldham-Ramona School District No. 39-5, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories:

governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the School District financial reporting entity are described below within their respective fund types:

Governmental Funds:

General Fund - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the school district, excluding capital outlay fund and special education fund expenditures. The General Fund is always a major Fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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

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

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

Other Enterprise Fund - A fund used to record financial transactions related to after school programs and drivers' education conducted for the benefit of the children. The fund is financed by user charges and grants. This is a major fund.

Fiduciary Funds:

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

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The School District maintains custodial funds to hold assets as an agent in a trustee capacity for the following purposes: student class funds, student club funds, and clearing accounts.

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 only one private-purpose trust fund for scholarships.

c. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types 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 Oldham-Ramona School District No. 39-5, the length of that cycle is 60 days.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectable 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 inflow of resources.

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

All proprietary funds and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. 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.

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 primarily 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 estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. 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, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

The total June 30, 2021 balance of capital assets for governmental activities includes approximately 0.83 percent for which the costs are determined by estimates of the original costs. The June 30, 2021 balance of capital assets for business-type activities are valued at the original cost.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	NA	NA
Improvements	\$ 5,000	Straight Line	25-50 years
Buildings	5,000	Straight Line	25-50 years
Machinery & Equipment	5,000	Straight Line	5-10 years
Food Service Machinery and Equipment	500	Straight Line	5-10 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of capital outlay certificates, a financing lease, and other postemployment benefits payable.

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

h. Program Revenues

In the Government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the 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.

i. 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, non-capital financing activities, or investing activities are not reported as components of operating revenues or expenses.

j. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. Accordingly, the enterprise fund has access to its cash resources on demand. Accordingly, all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

k. Equity Classifications

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

I. 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.

m. 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.

n. Fund Balance Classification Policies and Procedures:

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

1. **Nonspendable** – Includes fund balance amounts that cannot be spent because it is not in spendable form or because of legal or contractual constraints.
2. **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.
3. **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.
4. **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 or administration.
5. **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.

A schedule of fund balances is provided as follows:

**Oldham-Ramona School District No. 39-5
Disclosure of Fund Balances Reported on Balance Sheet
Governmental Funds**

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Deposits	\$ 10,192.00	\$	\$ 1,568.00	\$ 11,760.00
Restricted for:				
Capital Outlay		1,792,088.67		1,792,088.67
Special Education			202,503.94	202,503.94
Pension				
Assigned to:				
Next Year's Budget	104,799.00			104,799.00
Unassigned	524,416.01			524,416.01
Total Fund Balances	<u>\$ 639,407.01</u>	<u>\$ 1,792,088.67</u>	<u>\$ 204,071.94</u>	<u>\$ 2,635,567.62</u>

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 district 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.

o. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS'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 FAIR MARKET VALUE MEASUREMENT, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

Deposits – The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 34-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments be in the physical custody of the political subdivision or 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.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2021, the District's deposits in financial institutions were not exposed to custodial credit risk.

Concentration of Credit Risk – The School District places no limit on the amount that may be invested in any one issuer. As of the year ended June 30, 2021, the School District had no investments.

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 General Fund except for the Food Service Fund. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

NOTE 3 – RECEIVABLES AND PAYABLES

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

NOTE 4 – INVENTORY

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

In the government-wide and proprietary 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 purchased. There were no material inventories on hand at June 30, 2021 in the governmental funds.

NOTE 5 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

<i>Primary Government</i>	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
Governmental Activities:				
Capital Assets, not depreciated:				
Land	\$ 795.00	\$	\$	\$ 795.00
Total Capital Assets, not depreciated	<u>795.00</u>			<u>795.00</u>
Capital Assets, being depreciated:				
Buildings	2,160,702.67			2,160,702.67
Improvements	143,597.60			143,597.60
Machinery and Equipment	601,351.14	80,349.00	81,500.00	600,200.14
Library Books	22,735.28	2,107.92	540.14	24,303.06
Totals	<u>2,928,386.69</u>	<u>82,456.92</u>	<u>82,040.14</u>	<u>2,928,803.47</u>
Less Accumulated Depreciation:				
Buildings	1,017,778.37	69,721.69		1,087,500.06
Improvements	44,150.84	4,890.99		49,041.83
Machinery and Equipment	407,910.92	43,934.70	73,350.00	378,495.62
Library Books	14,085.81	1,215.15	540.14	14,760.82
Totals	<u>1,483,925.94</u>	<u>119,762.53</u>	<u>73,890.14</u>	<u>1,529,798.33</u>
Capital Assets being depreciated, net	<u>1,444,460.75</u>	<u>(37,305.61)</u>	<u>8,150.00</u>	<u>1,399,005.14</u>
Total Governmental Activities, net	<u>\$ 1,445,255.75</u>	<u>\$ (37,305.61)</u>	<u>\$ 8,150.00</u>	<u>\$ 1,399,800.14</u>

** Depreciation expense was charged to functions as follows:

Governmental activities:			
Instruction			\$ 79,098.73
Support services			40,663.80
			<u>\$ 119,762.53</u>

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
Business-type Activity:				
Capital Assets, being depreciated:				
Machinery and Equipment	\$ 136,226.61	\$	\$	\$ 136,226.61
Less Accumulated Depreciation:				
Machinery and Equipment	<u>117,927.88</u>	<u>13,378.34</u>		<u>131,306.22</u>
Total Business-type Activity, net	<u>\$ 18,298.73</u>	<u>\$ (13,378.34)</u>		<u>\$ 4,920.39</u>

**Depreciation expense was charged to functions as follows:

Business-type Activity			
Food Service			\$ 13,378.34

NOTE 6 – LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2021 is as follows:

<i>Primary Government</i>	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital Outlay Certificates	\$ 740,000.00	\$	\$ 740,000.00	\$	\$
Financing (Capital Acquisition) Lease	<u>5,938.92</u>		<u>1,979.64</u>	<u>3,959.28</u>	<u>1,979.64</u>
TOTAL PRIMARY GOVERNMENT	\$ 745,938.92	\$	\$ 741,979.64	\$ 3,959.28	\$ 1,979.64

Liabilities payable at June 30, 2021 are comprised of the following:

Financing (Capital Acquisition) Lease

Capital Lease financing for the purchase of copiers, due to monthly payments of \$329.94 for 60 months. Half of each payment goes towards the equipment lease and half to maintenance/service costs. Payments are made from the Capital Outlay Fund. \$3,959.28

The annual debt service requirements to maturity for all debt (except for other post-employment benefits) outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	Equipment Financing		Totals Principal
	Lease	Principal	
	Principal	Principal	
2022	\$ 1,979.64	\$ 1,979.64	1,979.64
2023	<u>1,979.64</u>	<u>1,979.64</u>	<u>1,979.64</u>
	<u>\$ 3,959.28</u>	<u>\$ 3,959.28</u>	

NOTE 7 – 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 the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflows of resources 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 8 – RESTRICTED NET POSITION

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

<u>Major Purposes:</u>	<u>Restricted By:</u>	<u>Amount</u>
Capital Outlay Purposes	Law	\$ 1,793,110.40
Special Education Purposes	Law	206,286.24
Health Insurance Purposes	Law	11,760.00
SDRS Pension Purposes	Law	66,924.06
Total Restricted Net Position		<u>\$ 2,078,080.70</u>

NOTE 9 – PENSION PLAN

Plan Information:

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

Benefits Provided:

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

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

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2021, 2020 and 2019, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 78,378.44
2020	71,202.82
2019	72,821.93

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

At June 30, 2020, SDRS is 100.04% 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, 2020 and reported by the School District as of June 30, 2021 are as follows:

Proportionate share of pension benefits	\$ 6,660,394.00
Less proportionate share of net pension restricted for pension benefits	6,662,747.05
Proportionate share of net pension benefit	\$ (2,353.05)

At June 30, 2021, the School District reported a liability (asset) of \$(2,353.05) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the School District's proportion was 0.05418040%, which is an increase (decrease) of (0.0029024%) from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense (reduction of pension expense) of \$94,257.36. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 9,001.68	\$ 1,843.31
Changes in assumption	75,793.39	305,679.09
Net difference between projected and actual earnings on pension plan investments	218,703.94	
Changes in proportion and difference between School District contributions and proportionate share of contributions	4,601.31	14,385.35
District contributions subsequent to the measurement date	<u>78,378.44</u>	
TOTAL	<u><u>\$ 386,478.76</u></u>	<u><u>\$ 321,907.75</u></u>

\$78,378.44 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 (asset) in the year ending June 30, 2022. 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:

2022	\$ (27,160.66)
2023	(20,942.91)
2024	3,307.86
2025	<u>40,772.33</u>
TOTAL	<u><u>\$ (4,023.38)</u></u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50 % net of plan investment expense
Future COLAs	1.41%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 projected generationally with Scale MP-2016, white collar 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, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real

estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	<u>2.0%</u>	1.0%
Total	<u>100.0%</u>	

Discount Rate:

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

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

The following presents the School District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.5% 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	912,825.18	(2,353.05)	(750,950.81)

Pension Plan Fiduciary Net Position:

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

NOTE 10 – JOINT VENTURES

The school district participates in the Northeast Educational Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing administrative services to the member school districts. The members of the co-op and their relative percentage participation in the co-op are as follows:

Arlington School District	3.36%
Britton-Hecla School District	5.50%
Castlewood School District	3.95%
Clark School District	5.46%
De Smet School District	3.64%
Deubrook School District	4.68%
Deuel School District	6.62%
Elkton School District	4.31%
Enemy Swim Day District	2.06%
Estelline School District	3.48%
Florence School District	3.57%
Hamlin School District	11.11%
Henry School District	2.09%
Iroquois School District	2.74%
Lake Preston School District	2.27%
Oldham Ramona School District	2.15%
Rosholt School District	3.09%
Sioux Valley School District	8.80%
Summit School District	2.26%
Waubay School District	2.23%
Waverly School District	3.31%
Webster Area School District	6.83%
Willow Lake School District	3.52%
Wilmot School District	2.97%

The co-op's governing board is composed of one school board member representative from each member school district. 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 no equity in the net position of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above. Separate financial statements for this joint venture are available from the Northeast Educational Services Cooperative.

At June 30, 2021, this joint venture had total assets of \$2,117,558.95, total deferred outflows of resources of \$828,193.13, total liabilities of \$558,018.82, total deferred inflows of resources of \$665,473.24 and net position of \$1,722,260.02.

NOTE 11 – RISK MANAGEMENT

The school district is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2021, the school district managed its risks as follows:

Employee Health Insurance

The School District joined the Northern Plains Insurance Pool. This is a risk pool currently operating as a common risk management and insurance program for local government entities. The school District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases coverage from either Sanford Health Plan or DAKOTACARE Administrative Services with the premiums it receives from the members.

The coverage includes the option of three different plans with a deductible from \$2,000.00 to \$4,000.00.

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 not exceeded the liability coverage during the past three years.

Liability Insurance

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

Worker's Compensation

The school district purchases liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits

The school district provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota. During the year ended June 30, 2021, no claims were filed for unemployment benefits. No claims are anticipated in the next fiscal year.

NOTE 12 – SIGNIFICANT CONTINGENCIES – LITIGATION

At June 30, 2021, the School District was not involved in any litigation.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The School District overstated inventory of an item in the previous year. Therefore, beginning fund balance in the food service fund and the business-type activities have been adjusted to reflect this overstatement.

Food Service Fund

Net position at June 30, 2020 as previously stated	\$ 70,276.57
Prior Period Adjustment	<u>(22,655.00)</u>
Net position July 1, 2020 as restated	<u>\$ 47,621.57</u>

Business-Type Activities

Net position at June 30, 2020 as previously stated	\$ 73,353.06
Prior Period Adjustment	<u>(22,655.00)</u>
Net position July 1, 2020 as restated	<u>\$ 50,698.06</u>

**REQUIRED SUPPLEMENTARY INFORMATION
 OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 793,749.00	\$ 793,749.00	\$ 743,859.72	\$ (49,889.28)
Prior Years' Ad Valorem Taxes	4,000.00	4,000.00	4,947.49	947.49
Utility Taxes	46,000.00	46,000.00	42,021.75	(3,978.25)
Penalties and Interest on Taxes	1,500.00	1,500.00	1,649.45	149.45
Tuition and Fees:	3,000.00	3,000.00	1,595.00	(1,405.00)
Earnings on Investments and Deposits	7,000.00	7,000.00	4,028.09	(2,971.91)
Cocurricular Activities:				
Admissions	6,000.00	6,000.00	5,157.00	(843.00)
Other	2,000.00	2,000.00	3,394.85	1,394.85
Other Revenue from Local Sources:				
Rentals	13,500.00	13,500.00	12,285.18	(1,214.82)
Contributions and Donations	500.00	500.00	3,609.22	3,109.22
Charges for Services	5,000.00	5,000.00	2,368.87	(2,631.13)
Other	10,000.00	10,000.00	2,858.53	(7,141.47)
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	8,500.00	8,500.00	7,017.23	(1,482.77)
Revenue in Lieu of Taxes	1,500.00	1,500.00	1,435.33	(64.67)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	692,000.00	692,000.00	677,125.16	(14,874.84)
Restricted Grants-in-Aid	4,950.00	4,950.00	2,328.41	(2,621.59)
Revenue from Federal Sources:				
Grants-in-Aid:				
Grants-in-Aid CRF			30,425.00	30,425.00
Restricted Grants-in-Aid Received from Federal Government through the State	88,677.00	88,677.00	90,924.78	2,247.78
Total Revenue	<u>1,687,876.00</u>	<u>1,687,876.00</u>	<u>1,637,031.06</u>	<u>(50,844.94)</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary School	475,615.00	475,615.00	468,187.97	7,427.03
Middle/Junior High	117,699.00	117,699.00	131,875.01	(14,176.01)
High School	271,325.00	271,325.00	285,809.85	(14,484.85)
Preschool Services	27,950.00	27,950.00	26,514.57	1,435.43
Other Regular Programs	56,402.00	56,402.00	52,275.47	4,126.53
Special Programs:				
Educationally Deprived	61,100.00	61,100.00	54,515.05	6,584.95

**REQUIRED SUPPLEMENTARY INFORMATION
 OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Support Services:				
Pupils:				
Guidance	53,872.00	53,872.00	45,220.73	8,651.27
Health	2,500.00	2,500.00	313.10	2,186.90
Support Services - Instructional Staff:				
Improvement of Instruction	9,850.00	9,850.00	8,067.06	1,782.94
Educational Media	14,260.00	14,260.00	11,811.57	2,448.43
Support Services - General Administration:				
Board of Education	38,101.00	38,101.00	33,893.23	4,207.77
Executive Administration	175,800.00	175,800.00	132,943.92	42,856.08
Other	74,430.00	74,430.00	73,363.51	1,066.49
Support Services - Business:				
Fiscal Services	66,225.00	66,225.00	65,878.12	346.88
Operation and Maintenance of Plant	196,948.00	196,948.00	203,409.62	(6,461.62)
Pupil Transportation	99,513.00	99,513.00	78,243.38	21,269.62
Food Services	4,050.00	4,050.00	4,514.96	(464.96)
Cocurricular Activities:				
Male Activities	15,325.00	15,325.00	16,766.40	(1,441.40)
Female Activities	25,150.00	25,150.00	22,237.56	2,912.44
Transportation	4,050.00	4,050.00	2,591.36	1,458.64
Combined Activities	48,645.00	48,645.00	37,041.82	11,603.18
Contingencies	<u>13,000.00</u>	<u>13,000.00</u>		<u>13,000.00</u>
Total Expenditures	<u>1,851,810.00</u>	<u>1,851,810.00</u>	<u>1,755,474.26</u>	<u>96,335.74</u>
Excess of Revenue Over (Under) Expenditures	(163,934.00)	(163,934.00)	(118,443.20)	45,490.80
Other Financing Sources:				
Sale of Surplus Property	500.00	500.00		(500.00)
Transfer In	78,000.00	78,000.00		(78,000.00)
Transfer (Out)	<u>(2,500.00)</u>	<u>(2,500.00)</u>		<u>2,500.00</u>
Total Other Financing Sources (Uses)	<u>76,000.00</u>	<u>76,000.00</u>		<u>(76,000.00)</u>
Net Change in Fund Balances	(87,934.00)	(87,934.00)	(118,443.20)	(30,509.20)
Fund Balance - July 1, 2020	<u>757,850.21</u>	<u>757,850.21</u>	<u>757,850.21</u>	
FUND BALANCE - JUNE 30, 2021	<u>\$ 669,916.21</u>	<u>\$ 669,916.21</u>	<u>\$ 639,407.01</u>	<u>\$ (30,509.20)</u>

REQUIRED SUPPLEMENTARY INFORMATION
OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 719,139.00	\$ 719,139.00	\$ 765,298.82	\$ 46,159.82
Prior Years' Ad Valorem Taxes	1,500.00	1,500.00	2,584.00	1,084.00
Penalties and Interest on Taxes	1,000.00	1,000.00	1,405.79	405.79
Other Revenue from Local Sources:				
Refund of Prior Years ERATE			22,908.18	22,908.18
Other Revenue			745.27	745.27
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government through the State			41,984.00	41,984.00
Restricted Grants-in-Aid Received from Federal Government through the State	2,500.00	2,500.00	1,871.20	(628.80)
Earnings On Investments				
Other Federal Revenue	<u>35,679.00</u>	<u>35,679.00</u>	<u>16,606.00</u>	<u>(19,073.00)</u>
Total Revenue	<u>759,818.00</u>	<u>759,818.00</u>	<u>853,403.26</u>	<u>93,585.26</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	78,769.00	78,769.00	45,577.21	33,191.79
Middle/Junior High	20,200.00	20,200.00	14,955.00	5,245.00
High School	99,000.00	99,000.00	19,285.36	79,714.64
Other Regular Programs	1,000.00	1,000.00		1,000.00
Support Services - Instructional Staff:				
Educational Media	34,000.00	34,000.00	28,427.14	5,572.86
Support Services - General Administration:				
Executive Administration	4,000.00	4,000.00	1,705.93	2,294.07
Support Services - School Administration	500.00	500.00		500.00
Support Services - Business:				
Fiscal Services	8,500.00	8,500.00	7,975.90	524.10
Operation and Maintenance of Plant	149,810.00	149,810.00	23,083.77	126,726.23

**REQUIRED SUPPLEMENTARY INFORMATION
 OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 CAPITAL OUTLAY FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

Pupil Transportation	110,000.00	110,000.00	81,299.00	28,701.00
Debt Services	166,039.00	765,035.00	764,494.00	541.00
Cocurricular Activities:				
Combined Activities	<u>10,000.00</u>	<u>10,000.00</u>	<u>6,934.71</u>	<u>3,065.29</u>
Total Expenditures	<u>681,818.00</u>	<u>1,280,814.00</u>	<u>993,738.02</u>	<u>287,075.98</u>
Excess of Revenue Over (Under) Expenditure	78,000.00	(520,996.00)	(140,334.76)	380,661.24
Other Financing Sources:				
Transfers Out	<u>(78,000.00)</u>	<u>(78,000.00)</u>	<u> </u>	<u>78,000.00</u>
Net Change in Fund Balance	0.00	(598,996.00)	(140,334.76)	458,661.24
Fund Balance - July 1, 2020	<u>1,932,423.43</u>	<u>1,932,423.43</u>	<u>1,932,423.43</u>	<u> </u>
FUND BALANCE - JUNE 30, 2021	<u>\$ 1,932,423.43</u>	<u>\$ 1,333,427.43</u>	<u>\$ 1,792,088.67</u>	<u>\$ 458,661.24</u>

**REQUIRED SUPPLEMENTARY INFORMATION
 OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 SPECIAL EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 385,000.00	\$ 385,000.00	\$ 381,680.57	\$ (3,319.43)
Prior Years' Ad Valorem Taxes	750.00	750.00	1,185.04	435.04
Penalties and Interest on Taxes	350.00	350.00	620.74	270.74
Other Revenue from Local Sources:				
Charges for Services	6,500.00	6,500.00	732.33	(5,767.67)
Other Revenue			6,710.78	6,710.78
Revenue from Federal Sources:				
Grants-in-Aid:				
UNrestricted Grants-in-Aid Received from Federal Government through State			2,597.00	2,597.00
Restricted Grants-in-Aid Received from Federal Government through State	<u>1,100.00</u>	<u>1,100.00</u>	<u>7,917.85</u>	<u>6,817.85</u>
Total Revenue	<u>393,700.00</u>	<u>393,700.00</u>	<u>401,444.31</u>	<u>7,744.31</u>
Expenditures:				
Special Programs:				
Programs for Special Education	302,250.00	302,250.00	246,247.82	56,002.18
Support Services-Pupils:				
Guidance	300.00	300.00	203.16	96.84
Psychological	5,500.00	5,500.00	4,801.56	698.44
Speech Pathology	9,000.00	9,000.00	8,760.61	239.39
Student Therapy Services	7,000.00	7,000.00	5,890.68	1,109.32
Support Services - Special Education:				
Administrative Costs	150,000.00	150,000.00	144,995.31	5,004.69
Travel Costs	1,000.00	1,000.00	120.96	879.04
Contingencies	<u>20,000.00</u>	<u>20,000.00</u>		<u>20,000.00</u>
Total Expenditures	<u>495,050.00</u>	<u>495,050.00</u>	<u>411,020.10</u>	<u>84,029.90</u>
Excess of Revenue Over (Under) Expenditures	(101,350.00)	(101,350.00)	(9,575.79)	91,774.21
Fund Balance - July 1, 2020	<u>213,647.73</u>	<u>213,647.73</u>	<u>213,647.73</u>	
FUND BALANCE - JUNE 30, 2021	<u>\$ 112,297.73</u>	<u>\$ 112,297.73</u>	<u>\$ 204,071.94</u>	<u>\$ 91,774.21</u>

OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.

NOTE 1 – BUDGET AND BUDGETARY ACCOUNTING

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

1. Prior to the first regular board meeting in May of each year the board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the 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 board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
6. After adoption by the board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the 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 the 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 board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and each major Special Revenue fund.
11. Budgets for the General Fund and each major Special Revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 2 – GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

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

Schedule of Required Supplementary Information

OLDHAM-RAMONA SCHOOL DISTRICT

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

South Dakota Retirement System

	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability (asset)	0.0449446%	0.0458879%	0.0509922%	0.0507671%	0.0553112%	0.0570828%	0.0541804%
District's proportionate share of net pension liability (asset)	\$ (323,807)	\$ (194,624)	\$ 172,247	\$ (4,607)	\$ (1,290)	\$ (6,049)	\$ (2,353)
District's covered-employee payroll	\$ 785,960	\$ 837,790	\$ 945,924	\$ 1,035,296	\$ 1,149,866	\$ 1,214,675	\$ 1,188,113
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-41.20%	-23.23%	18.21%	-0.44%	0.11%	0.50%	0.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.30%	104.10%	96.89%	100.10%	100.02%	100.09%	100.04%

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

Schedule of Required Supplementary Information
OLDHAM-RAMONA SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS
South Dakota Retirement System

	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 47,157	\$ 50,267	\$ 56,755	\$ 62,118	\$ 68,992	\$ 72,822	\$ 71,203	\$ 78,378
Contributions in relation to the contractually required contribution	\$ 47,157	\$ 50,267	\$ 56,755	\$ 62,118	\$ 68,992	\$ 72,822	\$ 71,203	\$ 78,378
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
District's covered-employee payroll	\$ 785,960	\$ 837,790	\$ 945,924	\$ 1,035,296	\$ 1,149,866	\$ 1,214,675	\$ 1,188,113	\$ 1,306,604
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	5.99%	6.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedules of the Proportional Share of the Net Pension Liability (Asset) and
Schedule of Contributions

CHANGES FROM PRIOR VALUATION

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One changed in actuarial assumptions and two plan provision changes are reflected and described below.

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

BENEFIT PROVISION CHANGES

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of this report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

ACTUARIAL ASSUMPTION CHANGES

The SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

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

ACTUARIAL METHOD CHANGES

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

QUAM, BERGLIN & POST, P.C.

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

School Board
Oldham-Ramona School District No. 39-5
Lake County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oldham-Ramona School District No. 39-5, Lake County, South Dakota (School District), as of June 30, 2021 and for the year then ended, and the related notes to the financial statements, which collectively comprise Oldham-Ramona School District's basic financial statements and have issued our report thereon dated May 19, 2022, which was qualified because the School District did not adopt Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those 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 Oldham-Ramona School 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 that is 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 Oldham-Ramona School District's internal control or on 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.

Quam, Berglin & Post P.C.

Quam, Berglin & Post, P.C.
Certified Public Accountants
Elk Point, SD

May 19, 2022

OLDHAM-RAMONA SCHOOL DISTRICT NO. 39-5
SCHEDULE OF AUDIT FINDINGS
JUNE 30, 2021

PRIOR AUDIT FINDINGS:

There are no prior audit findings.

CURRENT AUDIT FINDINGS:

There are no current audit findings.