

Oldham-Ramona School District No. 39-5

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

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

Oldham-Ramona School District No. 39-5

School District Officials

June 30, 2022

Board Members

Lance Hageman----- Board President

Lori Hyland-----Vice President

Brian Hanson----- Member

LD Henrichs----- Member

Carrie Schiernbeck----- Member

Michael Fischer-----Superintendent

Cassi Johnson -----Business Manager

Oldham-Ramona School District No. 39-5

Table of Contents

	Page
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 <i>Government Auditing Standards</i> -----	1-2
Independent Auditor's Report -----	3-5
Management Discussion and Analysis (MD&A) -----	6-15
Government-Wide Financial Statements	
Statement of Net Position-----	16
Statement of Activities-----	17
Fund Financial Statements	
Governmental Funds:	
Balance Sheet-----	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-----	19
Statement of Revenues, Expenditures and Changes in Fund Balances-----	20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-----	22
Proprietary Funds:	
Statement of Net Position-----	23
Statement of Revenues, Expenses and Changes in Net Position-----	24
Statement of Cash Flows-----	25
Fiduciary Funds:	
Statement of Net Position-----	26
Statement of Changes in Fiduciary Net Position-----	27
Notes to the Financial Statements -----	28-49
Required Supplementary Information -----	50
Budgetary Comparison Schedule - General Fund - Budgetary Basis-----	51-52
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis-----	53
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis-----	54
Notes to the Required Supplementary Information-----	55
Schedule of the Proportionate Share of the Net Pension Liability (Asset)-----	56
Schedule of the School District Contributions-----	57
Notes to Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions-----	58



**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
Ramona, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oldham-Ramona School District No. 39-5, South Dakota (School District), as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 14, 2023, which was qualified because the School District did not adopt Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in cursive script that reads "CLO Prof LLC".

Elk Point, South Dakota
February 14, 2023



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Qualified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oldham-Ramona School District No. 39-5, South Dakota (School District), as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, except for the matters described in the "Basis for Qualified Opinions" section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oldham-Ramona School District No. 39-5 as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinions

The School District did not adopt Government 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District Contributions, and the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.



Elk Point, South Dakota
February 14, 2023

Oldham-Ramona School District No. 39-5
Management Discussion and Analysis (MD&A)
June 30, 2022

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, 2022. 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 \$230,369 primarily due to a decrease in expenditures.
- During the year, the School's revenues generated from taxes and other revenues, of the governmental activities, were more than the expenses by \$223,761.
- The total governmental activities expenses for the fiscal year ending June 30, 2022 were \$2,537,728 and the expenses for the fiscal year ending June 30, 2021 were \$2,549,815, which is a decrease of \$12,087.

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:

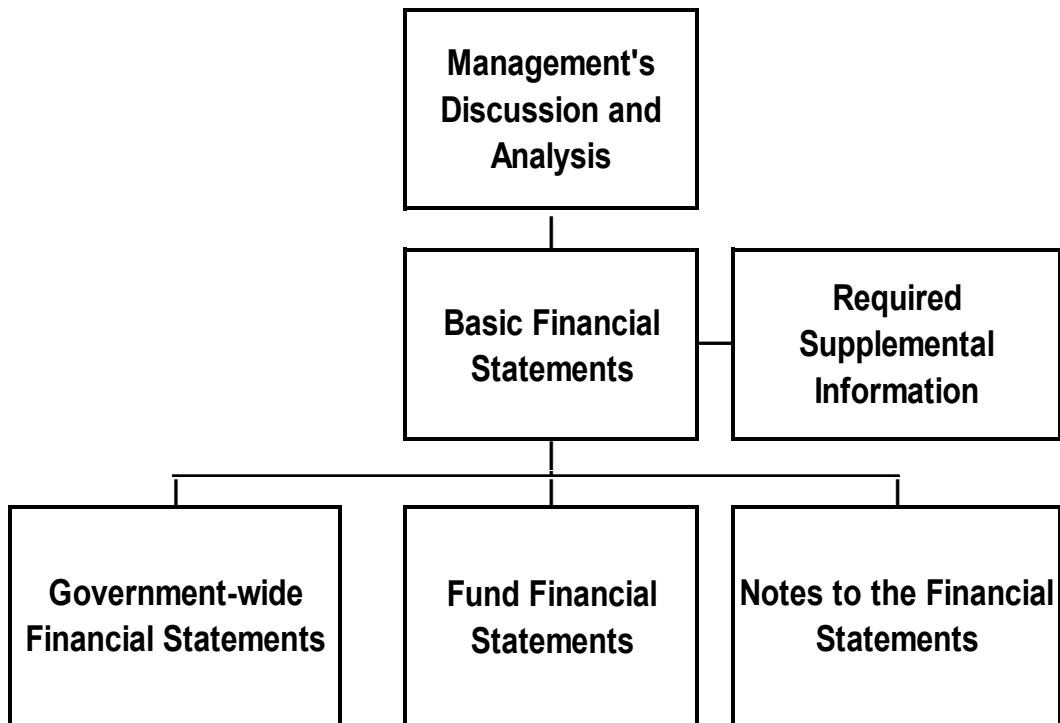
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's 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**



Oldham-Ramona School District No. 39-5
 Management Discussion and Analysis (MD&A)
 June 30, 2022

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 reminder 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's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except 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 operation and the after-school programs	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus 	Modified accrual accounting and current financial resources focus	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus 	<ul style="list-style-type: none"> • 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

Oldham-Ramona School District No. 39-5
Management Discussion and Analysis (MD&A)
June 30, 2022

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)

Oldham-Ramona School District No. 39-5
Management Discussion and Analysis (MD&A)
June 30, 2022

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 its 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.

Oldham-Ramona School District No. 39-5
Management Discussion and Analysis (MD&A)
June 30, 2022

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		Business-Type Activities		Total		Total Percentage Change
	2021	2022	2021	2022	2021	2022	2021-2022
Current and Other Assets	\$ 3,657,401	\$ 4,263,564	\$ 11,566	\$ 26,279	\$ 3,668,967	\$ 4,289,843	16.92%
Capital Assets (Net of Depreciation)	1,399,800	1,358,255	4,920	4,248	1,404,720	1,362,503	-3.01%
Total Assets	5,057,201	5,621,819	16,486	30,527	5,073,687	5,652,346	11.41%
Pension Related Deferred Outflows	386,479	606,808	--	--	386,479	606,808	57.01%
Total Deferred Outflows or Resources	386,479	606,808	--	--	386,479	606,808	57.01%
Long-Term Liabilities Outstanding	3,959	--	--	--	3,959	--	-100.00%
Other Liabilities	220,721	240,174	72	7,505	220,793	247,679	12.18%
Total Liabilities	224,680	240,174	72	7,505	224,752	247,679	10.20%
Taxes Levied for Future Period	783,987	788,943	--	--	783,987	788,943	0.63%
Pension Related Deferred Inflows	321,908	858,686	--	--	321,908	858,686	166.75%
Total Deferred Inflows of Resources	1,105,895	1,647,629	--	--	1,105,895	1,647,629	48.99%
Net Investment in Capital Assets	1,399,800	1,358,255	4,920	4,248	1,404,720	1,362,503	-3.01%
Restricted	2,078,081	2,619,262	--	--	2,078,081	2,619,262	26.04%
Unrestricted	635,224	363,307	11,494	18,774	646,718	382,081	-40.92%
Total Net Assets	4,113,105	4,340,824	16,414	23,022	4,129,519	4,363,846	5.67%
Beginning Net Position	3,770,053	4,113,105	50,698	16,414	3,820,751	4,129,519	8.08%
Restatement - see note 13	--	3,958	--	--	--	3,958	100.00%
Increase (Decrease) in Net Position	\$ 343,052	\$ 223,761	\$ (34,284)	\$ 6,608	\$ 308,768	\$ 230,369	25.39%
Percentage of Increase (Decrease) in Net Position	9.10%	5.44%	-67.62%	40.26%	8.08%	5.58%	

This section explains the differences between the current and prior year's assets, liabilities, and changes in net position. Oldham-Ramona School District No. 39-5

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

Oldham-Ramona School District No. 39-5
Management Discussion and Analysis (MD&A)
June 30, 2022

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 \$2,874,861 (See table A-4). Approximately 62% of the School's revenue comes from property taxes, with another 21% coming from State Aid . (See Table A-2).

Table A-2
Oldham-Ramona School District 39-5
Sources of Revenues
Fiscal Year 2021-2022

Taxes	\$ 1,775,037	61.74%
State Sources	612,676	21.31%
Operating Grants & Contributions	223,086	7.76%
Charges For Services	157,819	5.49%
Other General Revenues	103,662	3.61%
Unrestricted Investment Earnings	2,581	0.09%
Total Revenue	\$ 2,874,861	100.00%

The School's expenses totaled \$2,644,492 (see table A-4) and covered a range of services, including instruction, support services, food service, and co-curricular activities (See Table A-3).

Table A-3
Oldham-Ramona School District 39-5
Statement of Expenditures
Fiscal Year 2021-2022

Instruction	\$ 1,472,643	55.69%
Support Services	965,567	36.51%
Cocurricular Activities	99,518	3.76%
Food Service	99,833	3.78%
Other Enterprise	6,931	0.26%
Total Expenditures	\$ 2,644,492	100.00%

Oldham-Ramona School District No. 39-5
Management Discussion and Analysis (MD&A)
June 30, 2022

Governmental and Business-Type Activities

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the School:

Table A-4
 Oldham Ramona School District 39-5
 Changes in Net Position

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2021	2022	2021	2022	2021	2022	
Revenues							
Program Revenues							
Charge for Services	\$ 13,248	\$ 140,264	\$ 20,211	\$ 17,555	\$ 33,459	\$ 157,819	371.68%
Operating Grants/ Contributions	194,654	128,719	66,109	94,367	260,763	223,086	-14.45%
General Revenues							
Taxes	1,954,392	1,775,037	--	--	1,954,392	1,775,037	-9.18%
Revenue State Sources	677,125	612,676	351	--	677,476	612,676	-9.56%
Other general revenues	49,420	103,662	--	--	49,420	103,662	109.76%
Unrestricted Investment Earnings	4,028	2,581	--	--	4,028	2,581	-35.92%
	<u>2,892,867</u>	<u>2,762,939</u>	<u>86,671</u>	<u>111,922</u>	<u>2,979,538</u>	<u>2,874,861</u>	<u>-3.51%</u>
Expenses							
Instruction	1,518,599	1,472,643	--	--	1,518,599	1,472,643	-3.03%
Support Services	923,130	965,567	--	--	923,130	965,567	4.60%
Interest on long-term debt	22,514	--	--	--	22,514	--	-100.00%
Co-curricular Activities	85,572	99,518	--	--	85,572	99,518	16.30%
Food Service	--	--	113,634	99,833	113,634	99,833	-12.15%
Other Enterprise	--	--	7,321	6,931	7,321	6,931	-5.33%
	<u>2,549,815</u>	<u>2,537,728</u>	<u>120,955</u>	<u>106,764</u>	<u>2,670,770</u>	<u>2,644,492</u>	<u>-0.98%</u>
Excess (Deficiency) Before Transfers	343,052	225,211	(34,284)	5,158	308,768	230,369	-25.39%
Transfers	--	(1,450)	--	1,450	--	--	0.00%
Increase (Decrease) in Net Assets	343,052	223,761	(34,284)	6,608	308,768	230,369	-25.39%
Beginning Net Position	<u>3,770,053</u>	<u>4,113,105</u>	<u>50,698</u>	<u>16,414</u>	<u>3,820,751</u>	<u>4,129,519</u>	<u>8.08%</u>
Restatement - see note 13	--	3,958	--	--	--	3,958	100.00%
Beginning Net Position, as Restated	<u>3,770,053</u>	<u>4,117,063</u>	<u>50,698</u>	<u>16,414</u>	<u>3,820,751</u>	<u>4,133,477</u>	<u>8.18%</u>
Ending Net Position	<u>\$ 4,113,105</u>	<u>\$ 4,340,824</u>	<u>\$ 16,414</u>	<u>\$ 23,022</u>	<u>\$ 4,129,519</u>	<u>\$ 4,363,846</u>	<u>5.67%</u>

Governmental Activities

The School's total revenues totaled \$2,762,939 (See table A-4). Approximately 62% of the School's revenue comes from property taxes, with another 21% coming from State Aid.

The School's expenses totaled \$2,537,728 (see table A-4) and covered a range of services, including instruction, support services, and co-curricular activities (See table A-3).

Oldham-Ramona School District No. 39-5
Management Discussion and Analysis (MD&A)
June 30, 2022

Business Type Activities

Revenues of the School’s business-type activities (Food Service & Other Enterprise Funds) increased by \$25,251 to \$111,922 and expenses decreased by \$14,191 to \$106,764.

Financial Analysis of the School’s Funds

Fund balances changed as follows: General Fund decreased \$272,742 as a result of increased expenses and decreased revenues. The Capital Outlay Fund increased \$466,986 due to paying off certificates in the prior year. The Special Education Fund decreased \$47,903 which is comparable to prior year.

Overall, the cumulative fund balances increased \$146,341 from \$2,635,568 at the end of FY 2021 to \$2,781,909 at June 30, 2022.

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 2022, the School had the following changes in Capital Assets (See Table A-5).

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2021	2022	2021	2022		
Land	\$ 795	\$ 795	\$ --	\$ --	\$ --	0.00%
Buildings & Improvements	1,167,759	1,087,581	--	--	(80,178)	-6.87%
Machinery & Equipment	221,704	260,397	4,920	4,248	38,021	16.78%
Intangible Lease Assets	3,958	--	--	--	(3,958)	-100.00%
Library Books	9,542	9,482	--	--	(60)	-0.63%
Total Capital Assets	\$ 1,403,758	\$ 1,358,255	\$ 4,920	\$ 4,248	\$ (46,175)	-3.28%

Oldham-Ramona School District No. 39-5
Management Discussion and Analysis (MD&A)
June 30, 2022

Long-Term Debt

At year-end, the School paid in full the lease obligation. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2021	2022		
Lease	\$ 3,959	\$ --	\$ (3,959)	-100.00%
Total Outstanding Debt	\$ 3,959	\$ --	\$ (3,959)	-100.00%

Economic Factors And Next Year’s Budgets And Rates

The School's current economic position has shown little change. The School experienced a decrease in total property taxes from the prior year and a decrease in State Aid due to a decline in student enrollment. The total amount that can be levied is limited by the State of South Dakota.

The School’s enrollment for the last three years has been as follows:

Table A-7
Oldham Ramona School District 39-5
ADM for the Last Three Years

Year	ADM	Percent (Decrease) in ADM
2022	156	-3.11%
2021	161	-9.55%
2020	178	-7.77%

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 – Government-Wide
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 2,915,632	\$ 22,534	\$ 2,938,166
Accounts receivable	601	--	601
Taxes receivable	799,674	--	799,674
Due from other government	94,090	--	94,090
Inventories	--	3,745	3,745
Deposits	11,760	--	11,760
Net pension asset	441,807	--	441,807
Capital assets:			
Land and construction in progress	795	--	795
Other capital assets, net of depreciation	1,357,460	4,248	1,361,708
Total Assets	5,621,819	30,527	5,652,346
Deferred Outflows of Resources:			
Pension-related deferred outflows	606,808	--	606,808
Total Deferred Outflows of Resources	606,808	--	606,808
Liabilities:			
Accounts payable	53,900	--	53,900
Unearned revenue	--	6,974	6,974
Other current liabilities	186,274	531	186,805
Total Liabilities	240,174	7,505	247,679
Deferred Inflows of Resources:			
Taxes levied for future periods	788,943	--	788,943
Pension related deferred inflows	858,686	--	858,686
Total Deferred Inflows of Resources	1,647,629	--	1,647,629
Net Position:			
Net investment in capital assets	1,358,255	4,248	1,362,503
Restricted for:			
Capital outlay	2,261,658	--	2,261,658
Special education	155,915	--	155,915
Insurance purposes	11,760	--	11,760
SDRS pension purposes	189,929	--	189,929
Unrestricted	363,307	18,774	382,081
Total Net Position	\$ 4,340,824	\$ 23,022	\$ 4,363,846

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5
Statement of Activities – Government-Wide
June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 1,472,643	\$ --	\$ 111,700	\$ (1,360,943)	\$ --	\$ (1,360,943)
Support services	965,567	124,140	17,019	(824,408)	--	(824,408)
Cocurricular activities	99,518	16,124	--	(83,394)	--	(83,394)
Total Governmental Activities	<u>2,537,728</u>	<u>140,264</u>	<u>128,719</u>	<u>(2,268,745)</u>	<u>--</u>	<u>(2,268,745)</u>
Business-Type Activities:						
Food service	99,833	12,425	94,367	--	6,959	6,959
Driver's education	6,931	5,130	--	--	(1,801)	(1,801)
Total Business Type Activities	<u>106,764</u>	<u>17,555</u>	<u>94,367</u>	<u>--</u>	<u>5,158</u>	<u>5,158</u>
Total Primary Government	<u>\$ 2,644,492</u>	<u>\$ 157,819</u>	<u>\$ 223,086</u>	<u>(2,268,745)</u>	<u>5,158</u>	<u>(2,263,587)</u>
General Revenues:						
Taxes:						
				1,736,595	--	1,736,595
				38,442	--	38,442
Revenue from state sources:						
				612,676	--	612,676
				2,581	--	2,581
				11,796	--	11,796
				91,866	--	91,866
				(1,450)	1,450	--
				<u>2,492,506</u>	<u>1,450</u>	<u>2,493,956</u>
				223,761	6,608	230,369
				<u>4,113,105</u>	<u>16,414</u>	<u>4,129,519</u>
				<u>3,958</u>	<u>--</u>	<u>3,958</u>
				<u>4,117,063</u>	<u>16,414</u>	<u>4,133,477</u>
				<u>\$ 4,340,824</u>	<u>\$ 23,022</u>	<u>\$ 4,363,846</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5

Balance Sheet – Governmental Funds

June 30, 2022

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 476,480	\$ 2,232,326	206,826	\$ 2,915,632
Taxes receivable - current	349,570	257,448	181,925	788,943
Taxes receivable - delinquent	6,834	2,583	1,314	10,731
Accounts receivable	597	--	4	601
Due from other governments	65,768	27,109	1,213	94,090
Deposits NPIP Reserve	10,192	--	1,568	11,760
Total Assets	<u>\$ 909,441</u>	<u>\$ 2,519,466</u>	<u>\$ 392,850</u>	<u>\$ 3,821,757</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	19,484	360	34,056	53,900
Contracts payable	134,380	--	15,558	149,938
Payroll deductions and withholding and employer matching payable	32,508	--	3,828	36,336
Total Liabilities	<u>186,372</u>	<u>360</u>	<u>53,442</u>	<u>240,174</u>
Deferred Inflows of Resources:				
Taxes levied for future period	349,570	257,448	181,925	788,943
Delinquent taxes not available	6,834	2,583	1,314	10,731
Total Deferred Inflows of Resources	<u>356,404</u>	<u>260,031</u>	<u>183,239</u>	<u>799,674</u>
Fund Balances:				
Nonspendable	10,192	--	1,568	11,760
Restricted:				
For capital outlay	--	2,259,075	--	2,259,075
For special education	--	--	154,601	154,601
Unassigned	356,473	--	--	356,473
Total Fund Balances	<u>366,665</u>	<u>2,259,075</u>	<u>156,169</u>	<u>2,781,909</u>
Total Liabilities and Fund Balances	<u>\$ 909,441</u>	<u>\$ 2,519,466</u>	<u>\$ 392,850</u>	<u>\$ 3,821,757</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds	\$ 2,781,909
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,358,255
Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:	
Delinquent Property Taxes Receivable	10,731
Proportionate Share of Net Pension Asset	441,807
Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds.	(858,686)
Pension related deferred outflows are components of non current assets and therefore are not reported in the funds.	<u>606,808</u>
Net Position - Governmental Activities	<u>\$ 4,340,824</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2022

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 731,921	\$ 614,164	\$ 382,145	\$ 1,728,230
Prior years' ad valorem taxes	4,277	3,406	1,567	9,250
Utility taxes	38,442	--	--	38,442
Penalties and interest on taxes	1,388	1,170	598	3,156
Tuition and Fees:				
Regular day school transportation fees	2,381	--	--	2,381
Earnings on Investments and Deposits	2,581	--	--	2,581
Cocurricular Activities:				
Admissions	6,752	--	--	6,752
Other student activity income	9,372	--	--	9,372
Other Revenue from Local Sources:				
Rentals	9,736	--	--	9,736
Contributions and donations	1,796	10,000	--	11,796
Refund of prior years' expenditures	--	14,959	--	14,959
Charges for services	1,737	--	367	2,104
Other	17,406	--	2,461	19,867
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	7,476	--	--	7,476
Revenue in lieu of taxes	498	521	279	1,298
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	611,393	--	--	611,393
Restricted grants-in-aid	926	--	--	926
Other state revenue	357	--	--	357
Revenue from Federal Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid received from federal government through an intermediate source	1,657	1,519	1,074	4,250
Restricted grants-in-aid received directly from federal government	--	12,769	--	12,769
Restricted grants-in-aid received from federal government through the state	80,095	31,605	--	111,700
Total Revenues	<u>\$ 1,530,191</u>	<u>\$ 690,113</u>	<u>\$ 388,491</u>	<u>\$ 2,608,795</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2022 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 513,125	\$ 46,203	\$ --	\$ 559,328
Middle/junior high	142,183	10,848	--	153,031
High school	307,772	15,811	--	323,583
Preschool	28,947	--	--	28,947
Special Programs:				
Programs for special education	--	--	271,171	271,171
Educationally deprived	53,091	--	--	53,091
Support Services:				
Students:				
Guidance	41,108	--	--	41,108
Psychological	--	--	2,714	2,714
Health	627	--	--	627
Speech pathology	--	--	7,369	7,369
Student therapy services	--	--	3,315	3,315
Instructional Staff:				
Improvement of instruction	3,746	--	--	3,746
Educational media	18,072	22,217	--	40,289
General Administration:				
Board of education	44,024	--	--	44,024
Executive administration	143,600	345	--	143,945
School Administration:				
Office of the principal	80,032	--	--	80,032
Other	149	--	--	149
Business:				
Fiscal services	68,143	7,381	--	75,524
Operation and maintenance of plant	210,713	20,439	--	231,152
Student transportation	96,082	4,135	--	100,217
Food services	4,778	--	--	4,778
Special Education:				
Administrative costs	--	--	19,686	19,686
Other special education costs	--	--	132,139	132,139
Debt Services:				
	--	3,959	--	3,959
Cocurricular Activities:				
Male activities	20,704	--	--	20,704
Female activities	19,867	--	--	19,867
Transportation	3,843	--	--	3,843
Combined activities	51,940	3,164	--	55,104
Capital Outlay	--	88,625	--	88,625
Total Expenditures	<u>1,852,546</u>	<u>223,127</u>	<u>436,394</u>	<u>2,512,067</u>
Excess of Revenue Over (Under) Expenditures	(322,355)	466,986	(47,903)	96,728
Other Financing Sources (Uses):				
Transfer out	(1,450)	--	--	(1,450)
Sale of Surplus Property	51,063	--	--	51,063
Total Other Financing Sources (Uses)	<u>49,613</u>	<u>--</u>	<u>--</u>	<u>49,613</u>
Net Change in Fund Balances	(272,742)	466,986	(47,903)	146,341
Fund Balance, Beginning of Year	<u>639,407</u>	<u>1,792,089</u>	<u>204,072</u>	<u>2,635,568</u>
Fund Balance, End of Year	<u>\$ 366,665</u>	<u>\$ 2,259,075</u>	<u>\$ 156,169</u>	<u>\$ 2,781,909</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 146,341
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	88,625
The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources.	(119,491)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(14,637)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position	3,959
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."	(4,041)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>123,005</u>
Change in net position of governmental activities	<u>\$ 223,761</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5
Statement of Net Position – Proprietary Funds
June 30, 2022

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 20,860	\$ 1,674	\$ 22,534
Inventory - stores for resale	2,358	--	2,358
Inventory of donated food	1,387	--	1,387
Total Current Assets	<u>24,605</u>	<u>1,674</u>	<u>26,279</u>
Noncurrent Assets:			
Machinery and equipment - local funds	136,227	--	136,227
Less accumulated depreciation	(131,979)	--	(131,979)
Total Noncurrent Assets	<u>4,248</u>	<u>--</u>	<u>4,248</u>
Total Assets	<u>\$ 28,853</u>	<u>\$ 1,674</u>	<u>\$ 30,527</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 204	\$ --	\$ 204
Contracts payable	284	--	284
Payroll deductions and withholdings and employer matching payable	43	--	43
Unearned revenue	6,974	--	6,974
Total Current Liabilities	<u>7,505</u>	<u>--</u>	<u>7,505</u>
Net Position:			
Net investment in capital assets	4,248	--	4,248
Unrestricted net position	<u>17,100</u>	<u>1,674</u>	<u>18,774</u>
Total Net Position	<u>\$ 21,348</u>	<u>\$ 1,674</u>	<u>\$ 23,022</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds

June 30, 2022

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Food Sales:			
Student	\$ 8,818	\$ --	\$ 8,818
Adult	3,508	--	3,508
Other charges for goods and services	99	5,130	5,229
Total Operating Revenue	12,425	5,130	17,555
Operating Expenses:			
Food Service:			
Salaries	40,902	3,837	44,739
Employee benefits	5,793	524	6,317
Purchased services	5,241	230	5,471
Supplies	1,924	2,340	4,264
Cost of sales - purchased	36,450	--	36,450
Cost of sales - donated	8,851	--	8,851
Depreciation	672	--	672
Total Operating Expenses	99,833	6,931	106,764
Operating (Loss)	(87,408)	(1,801)	(89,209)
Nonoperating Revenues/Expenses:			
State grants	209	--	209
Federal grants	86,582	--	86,582
Donated food	7,576	--	7,576
Total Nonoperating Revenue/ (Expenses)	94,367	--	94,367
Income (Loss) Before Transfers	6,959	(1,801)	5,158
Transfers in	--	1,450	1,450
Change in Net Position	6,959	(351)	6,608
Net Position - Beginning Of Year	14,389	2,025	16,414
Net Position - End of Year	\$ 21,348	\$ 1,674	\$ 23,022

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5

Statement of Cash Flows – Proprietary Funds

June 30, 2022

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 19,601	\$ 5,130	\$ 24,731
Cash payments to suppliers	(43,646)	(2,570)	(46,216)
Cash payments to employees	(46,367)	(4,361)	(50,728)
Net Cash (Used) by Operating Activities	<u>(70,412)</u>	<u>(1,801)</u>	<u>(72,213)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers In	--	1,450	1,450
Cash reimbursements - state	209	--	209
Cash reimbursements - federal	86,582	--	86,582
Net Cash Provided by Noncapital Financing Activities	<u>86,791</u>	<u>1,450</u>	<u>88,241</u>
Net Change in Cash and Cash Equivalents	16,379	(351)	16,028
Cash and Cash Equivalents, Beginning of Year	4,481	2,025	6,506
Cash and Cash Equivalents, End of Year	<u>\$ 20,860</u>	<u>\$ 1,674</u>	<u>\$ 22,534</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (87,408)	\$ (1,801)	\$ (89,209)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	672	--	672
Value of commodities used	8,851	--	8,851
Change in Assets and Liabilities:			
Accounts receivable	202	--	202
Inventory	(163)	--	(163)
Deferred revenue	6,974	--	6,974
Contracts payable	284	--	284
Accrued payroll expenses	44	--	44
Accounts payable	132	--	132
Net cash (used) by operating activities:	<u>\$ (70,412)</u>	<u>\$ (1,801)</u>	<u>\$ (72,213)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 7,576</u>	<u>\$ --</u>	<u>\$ 7,576</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5

Statement of Net Position – Fiduciary Funds

June 30, 2022

	<u>Private -Purpose Trust Funds</u>	<u>Custodial Funds</u>
Assets:		
Cash and cash equivalents	\$ 9,000	\$ 30,635
Total Assets	<u>\$ 9,000</u>	<u>\$ 30,635</u>
Liabilities:		
Amounts held for others	\$ --	\$ 30,635
Total Liabilities	<u>--</u>	<u>30,635</u>
Net Position:		
Scholarships	<u>9,000</u>	<u>--</u>
Total Net Position	<u>\$ 9,000</u>	<u>\$ --</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2022

	<u>Private-Purpose Trust Funds</u>
Additions:	
Contributions and donations	<u>\$ 2,200</u>
Total Additions	<u>2,200</u>
Deductions:	
Trust deductions for scholarships awarded	<u>700</u>
Total Deductions	<u>700</u>
Change in Net Position	<u>1,500</u>
Net Position - Beginning	<u>7,500</u>
Net Position - Ending	<u><u>\$ 9,000</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies:

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

a. 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 a component unit but are discussed in these notes because of the nature of their relationship with the School District.

b. Government-Wide and Fund Financial Statements:

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities.

These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods and services. Activities are required to be reported as enterprise funds if any one of the following criteria is met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not 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.)
2. 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.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

Other Enterprise Fund: A fund used to record financial transactions related to after school and driver’s education conducted for the benefit of the children. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

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

Private Purpose Trust Funds – Trust funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains several private-purpose trust funds; their purposes are for scholarships and memorials.

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

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Oldham-Ramona School District 13-1, the length of that cycle is sixty days. The revenues which are accrued at June 30, 2022 are due from federal governments, local governments, rural electric and telephone gross receipts.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

Expenditures 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 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 entirely (primarily) of certificates of deposit whose term to maturity to 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.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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 Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the 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, 2022 balance of capital assets for governmental activities includes approximately less than one percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2022 balance of capital assets for business-type activities are all valued at original cost.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which 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/ Amortization Method	Estimated Useful Life
Land*	All	NA	NA
Buildings	\$ 5,000	Straight-line	25-50 years
Improvements	\$ 5,000	Straight-line	25-50 years
Intangible Lease Assets	\$ 45,000	Straight-line	5-20 years
Machinery and 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.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of leases, which were paid off in FY22.

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

h. Deferred Outflows/Inflows of Resources:

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 10.

The District's governmental funds report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected within the available period; property taxes collected within the available period that are intended to finance the next fiscal year; and capital credits that are owed to the District but will be received at some point in the future. In the government-wide financial statements, the District reports deferred inflows of resources for property taxes levied for a future period and pension-related items. In the business-type activities, the District reports deferred inflows for pension-related items.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

i. Program Revenues:

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

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

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents:

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

l. Equity Classifications:

Government-Wide 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.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish 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 (except for Custodial Funds, which have no fund equity) is reported as net position held in trust for other purposes.

m. Application of Net Position:

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

n. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

The School District's assigned fund balance consists of amounts assigned for subsequent year's budget in the General Fund. There was no balance in assigned fund balance for the year ended June 30, 2022.

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

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

Major Special Revenue Fund ---- Revenue Source

Capital Outlay Fund----- Taxes

Special Education Fund----- Taxes

o. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

p. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS'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.

q. Leases:

The School District is a lessee for a noncancellable lease of copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$45,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk:

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

Deposits – The School District’s deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA.

In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank’s public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost plus interest if the account is of the add-on type.

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

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk: (Continued)

Custodial Credit Risk – Deposits – The risk that, in the event of depository failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2022, the District’s deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized by pledged securities.

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.

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.

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The District’s policy is to credit all income from deposits and investment to the General Fund, except for the private purpose trust funds which retains its investments income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

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.

4. Inventory:

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

In the government-wide financial statements and in the enterprise fund financial statements, Food Service Fund 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 in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. No material inventories were on hand at June 30, 2022.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

5. Property Tax:

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

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 intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

6. Changes in Capital Assets:

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

	6/30/2021			6/30/2022
	Balance	Increases	Decreases	Balance
**Restatement due to GASB 87				
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 795	\$ --	\$ --	\$ 795
Total capital assets not being depreciated/amortized	<u>795</u>	<u>--</u>	<u>--</u>	<u>795</u>
Capital assets being depreciated/amortized:				
Buildings	2,160,703	9,452	28,950	2,141,205
Improvements	143,598	--	8,800	134,798
Machinery & Equipment	600,200	77,964	42,397	635,767
Intangible Assets **	9,898	--	--	9,898
Library Books	24,303	1,209	135	25,377
Total capital assets being depreciated/amortized	<u>2,938,702</u>	<u>88,625</u>	<u>80,282</u>	<u>2,947,045</u>
Less accumulated depreciation/amortization for:				
Buildings	1,087,500	70,100	19,153	1,138,447
Improvements	49,042	4,893	3,960	49,975
Machinery & Equipment	378,496	39,271	42,397	375,370
Intangible Assets **	5,940	3,958	--	9,898
Library Books	14,761	1,269	135	15,895
Total accumulated depreciation/amortization	<u>1,535,739</u>	<u>119,491</u>	<u>65,645</u>	<u>1,589,585</u>
Total capital assets being depreciated/amortized, net	<u>1,402,963</u>	<u>(30,866)</u>	<u>14,637</u>	<u>1,357,460</u>
Net Capital Assets	<u>\$ 1,403,758</u>	<u>\$ (30,866)</u>	<u>\$ 14,637</u>	<u>\$ 1,358,255</u>

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

6. Changes in Capital Assets: (Continued)

Depreciation/amortization expense was charged to functions as follows:

Instruction	\$ 83,492
Support services	35,999
Total Depreciation/Amortization Expense	<u>\$ 119,491</u>

	<u>6/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2022</u>
	<u>Balance</u>			<u>Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery & Equipment	\$ 136,227	\$ --	\$ --	\$ 136,227
Less accumulated depreciation for:				
Machinery & Equipment	131,307	672	--	131,979
Total capital assets, net	<u>\$ 4,920</u>	<u>\$ (672)</u>	<u>\$ --</u>	<u>\$ 4,248</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:

Food service	<u>\$ 672</u>
--------------	---------------

7. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	<u>6/30/2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2022</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Leases	\$ 3,959	\$ --	\$ 3,959	\$ --	\$ --
Total Long-Term Liabilities	<u>\$ 3,959</u>	<u>\$ --</u>	<u>\$ 3,959</u>	<u>\$ --</u>	<u>\$ --</u>

8. Interfund Transfers:

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

Transfer from the General Fund to the Other Enterprise Fund for Driver's Education Expenses.	\$ 1,450
--	----------

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

9. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2022 was as follows:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 2,261,658
Special Education	Law	155,915
Insurance Purposes	Law	11,760
SDRS Pension Purposes	Law	189,929
Total		<u>\$ 2,619,262</u>

10. Pension Plan:

a. Plan Information:

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

b. Benefits Provided:

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

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

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

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 earning based on investment returns.

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

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

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

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2022, 2021 and 2020, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 79,624
2021	\$ 78,378
2020	\$ 71,203

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

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

At June 30, 2021, SDRS is 105.52% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2021 and reported by the School District as of June 30, 2022 are as follows:

Proportionate share of pension liability	\$ 7,999,509
Less proportionate share of net pension restricted for pension	<u>8,441,316</u>
Proportionate share of net pension (asset)	<u><u>\$ (441,807)</u></u>

At June 30, 2022, the School District reported an asset of (\$441,807) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2021 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the School District's proportion was 0.05769000%, which is an increase of 0.0035096% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized reduction of pension expense of (\$123,005). At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 15,862	\$ 1,158
Changes in assumption	508,074	221,251
Net difference between projected and actual earnings on pension plan investments	--	631,130
Changes in proportion and difference between district contributions and proportionate share of contributions	3,248	5,147
District contributions subsequent to the measurement date	<u>79,624</u>	<u>--</u>
Total	<u><u>\$ 606,808</u></u>	<u><u>\$ 858,686</u></u>

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

\$79,624 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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:

<u>Year Ended</u> <u>June 30,</u>	
2023	\$ (84,076)
2024	(54,885)
2025	(14,998)
2026	(177,543)
Total	<u>\$ (331,502)</u>

e. Actuarial Assumptions:

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

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

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

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

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

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	58.0%	4.3%
Fixed income	30.0%	1.6%
Real estate	10.0%	4.6%
Cash	2.0%	0.9%
Total	<u>100.0%</u>	

f. Discount Rate:

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

g. Sensitivity of Liability (Asset) to Changes in the Discount Rate:

The following presents the School District’s proportionate share of net pension (asset) calculated using the discount rate of 6.50%, as well as what the School’s proportionate share of the net pension (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>
District's proportionate share of net pension (asset)	<u>\$ 715,395</u>	<u>\$ (441,807)</u>	<u>\$ (1,381,185)</u>

h. Pension Plan Fiduciary Net Position:

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

i. Payables to the Pension Plan:

No payables were reported to the defined benefit plan at end of year.

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

11. Joint Ventures:

The School District participates in the Northeast Educational Services Cooperative, a cooperative service unit (co-op) 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 No. 38-1	3.26%	Henry School District No. 14-2	2.24%
Britton-Hecla School District No. 45-4	5.42%	Iroquois School District No. 02-3	2.55%
Castlewood School District No. 28-1	3.95%	Lake Preston School District No. 38-3	2.09%
Clark School District No. 12-2	5.49%	Oldham-Ramona School District No. 39-5	1.92%
DeSmet School District No. 38-2	3.60%	Rosholt School District No. 54-4	3.03%
Deubrook School District No. 5-6	4.84%	Rutland School District No. 39-4	2.21%
Deuel School District No. 19-4	6.51%	Sioux Valley School District No. 5-5	8.35%
Elkton School District No. 5-3	5.03%	Summit School District No. 54-6	2.12%
Enemy Swim Day School	1.69%	Waubay School District No. 18-3	2.32%
Estelline School District No. 28-2	3.42%	Waverly School District No. 14-5	3.17%
Florence School District No. 14-1	3.59%	Webster School District No. 18-4	6.25%
Hamlin School District No. 28-3	10.72%	Willow Lake School District No. 12-3	3.51%
		Wilmot School District No. 54-7	2.72%

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.

	<u>June 30, 2022</u>
Total Assets	\$ 2,175,371
Total Liabilities	\$ 942,990
Total Net Position	\$ 1,232,381

12. Risk Management:

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

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

12. Risk Management: (Continued)

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, 2022, no claims were filed for unemployment benefits. No claims are anticipated in the next fiscal year.

13. Restatement and Implementation of New Standards:

As of June 30, 2022, the School District implemented GASB Statement No. 87, Leases, which requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases.

The School District restated the net position indicated below to appropriately reflect the July 1, 2021 balances as follows:

Governmental Activities:

Net Position – June 30, 2021, as previously reported	\$	4,113,105
Restatement – Implementation of GASB 87		<u>3,958</u>
Net Position – July 1, 2021, as restated	\$	<u>4,117,063</u>

	<u>As previously stated</u>	<u>Restatement – Implementation of GASB 87</u>	<u>As Restated</u>
Intangible Lease Assets	\$0	\$3,958	\$3,958

Oldham-Ramona School District No. 39-5

Notes to the Financial Statements

June 30, 2022

14. Subsequent Events:

Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

Required Supplementary Information

Oldham-Ramona School District No. 39-5

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 793,750	\$ 793,750	\$ 731,921	\$ (61,829)
Prior years' ad valorem taxes	6,237	6,237	4,277	(1,960)
Utility taxes	46,000	46,000	38,442	(7,558)
Penalties and interest on taxes	2,000	2,000	1,388	(612)
Tuition and Fees:				
Regular day school transportation fees	2,500	2,500	2,381	(119)
Earnings on Investments and Deposits	5,000	5,000	2,581	(2,419)
Cocurricular Activities:				
Admissions	8,000	8,000	6,752	(1,248)
Other student activity income	15,000	15,000	9,372	(5,628)
Other Revenue from Local Sources:				
Rentals	10,000	10,000	9,736	(264)
Contributions and donations	4,500	4,500	1,796	(2,704)
Charges for services	5,000	5,000	1,737	(3,263)
Other	14,500	14,500	17,406	2,906
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	8,500	8,500	7,476	(1,024)
Revenue in lieu of taxes	1,500	1,500	498	(1,002)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	646,500	646,500	611,393	(35,107)
Restricted grants-in-aid	5,000	5,000	926	(4,074)
Other state revenues	--	--	357	357
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through an intermediate source	3,500	3,500	1,657	(1,843)
Restricted grants-in-aid received from federal government through the state	96,414	96,414	80,095	(16,319)
Total Revenues	\$ 1,673,901	\$ 1,673,901	\$ 1,530,191	\$ (143,710)

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Oldham-Ramona School District No. 39-5

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 515,919	\$ 515,919	\$ 513,125	\$ 2,794
Middle/junior high	150,400	150,400	142,183	8,217
High school	324,370	324,370	307,772	16,598
Preschool	28,650	28,650	28,947	(297)
Special Programs:				
Educationally deprived	54,070	54,070	53,091	979
Support Services:				
Students:				
Guidance	43,354	43,354	41,108	2,246
Health	2,450	2,450	627	1,823
Instructional Staff:				
Improvement of instruction	7,950	7,950	3,746	4,204
Educational media	22,330	22,330	18,072	4,258
General Administration:				
Board of education	46,695	46,695	44,024	2,671
Executive administration	144,610	144,610	143,600	1,010
School Administration:				
Office of the principal	80,530	80,530	80,032	498
Other	300	300	149	151
Business:				
Fiscal services	72,745	72,745	68,143	4,602
Operation and maintenance of plant	198,990	198,990	210,713	(11,723)
Student transportation	98,455	98,455	96,082	2,373
Food service	4,200	4,200	4,778	(578)
Cocurricular Activities:				
Male activities	23,410	23,410	20,704	2,706
Female activities	25,355	25,355	19,867	5,488
Transportation	3,350	3,350	3,843	(493)
Combined activities	53,875	53,875	51,940	1,935
Contingencies	10,242	10,242	--	10,242
Total Expenditures	<u>1,912,250</u>	<u>1,912,250</u>	<u>1,852,546</u>	<u>59,704</u>
Excess of Revenues Over Expenditures	<u>(238,349)</u>	<u>(238,349)</u>	<u>(322,355)</u>	<u>(84,006)</u>
Other Financing Sources:				
Operating transfers in	115,000	115,000	--	(115,000)
Operating transfers out	(31,450)	(31,450)	(1,450)	30,000
Sale of surplus property	50,000	50,000	51,063	1,063
Total Other Financing Sources:	<u>133,550</u>	<u>133,550</u>	<u>49,613</u>	<u>(83,937)</u>
Net Change in Fund Balances	(104,799)	(104,799)	(272,742)	(167,943)
Fund Balance, Beginning of Year	<u>639,407</u>	<u>639,407</u>	<u>639,407</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 534,608</u>	<u>\$ 534,608</u>	<u>\$ 366,665</u>	<u>\$ (167,943)</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Oldham-Ramona School District No. 39-5

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 626,000	\$ 626,000	\$ 614,164	\$ (11,836)
Prior years' ad valorem taxes	3,982	3,982	3,406	(576)
Penalties and interest on taxes	1,000	1,000	1,170	170
Other Revenue from Local Sources:				
Rentals				--
Contributions and donations	--	--	10,000	10,000
Refund of prior years' expenditures	--	--	14,959	14,959
Revenue from Intermediate Sources:				
Revenue in lieu of taxes	--	--	521	521
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through an intermediate source	2,500	2,500	1,519	(981)
Restricted grants-in-aid received directly from the federal government	26,082	26,082	12,769	(13,313)
Restricted grants-in-aid received from federal government through the state	66,229	66,229	31,605	(34,624)
Total Revenues	<u>725,793</u>	<u>725,793</u>	<u>690,113</u>	<u>(35,680)</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	136,000	136,000	115,391	20,609
Middle/junior high	47,229	47,229	10,848	36,381
High school	92,082	92,082	15,811	76,271
Support Services:				
Instructional Staff:				
Educational media	25,500	25,500	23,426	2,074
General Administration:				
Executive administration	1,500	1,500	345	1,155
Office of the Principal	500	500	--	500
Business:				
Fiscal services	10,000	10,000	7,381	2,619
Operation and maintenance of plant	185,000	185,000	38,667	146,333
Student transportation	92,000	92,000	4,135	87,865
Debt Services:	4,500	4,500	3,959	541
Cocurricular Activities:				
Combined activities	10,000	10,000	3,164	6,836
Contingencies	10,689	10,689	--	10,689
Total Expenditures	<u>615,000</u>	<u>615,000</u>	<u>223,127</u>	<u>391,873</u>
Excess of Revenue Over (Under) Expenditures	<u>110,793</u>	<u>110,793</u>	<u>466,986</u>	<u>356,193</u>
Other Financing Sources (Uses):				
Transfers in	4,207	4,207	--	(4,207)
Transfers out	(115,000)	(115,000)	--	115,000
Total Other Financing Sources (Uses)	<u>(110,793)</u>	<u>(110,793)</u>	<u>--</u>	<u>110,793</u>
Net Change in Fund Balances	--	--	466,986	466,986
Fund Balance, Beginning of Year	<u>1,792,089</u>	<u>1,792,089</u>	<u>1,792,089</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,792,089</u>	<u>\$ 1,792,089</u>	<u>\$ 2,259,075</u>	<u>\$ 466,986</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Oldham-Ramona School District No. 39-5
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 385,000	\$ 385,000	\$ 382,145	\$ (2,855)
Prior years' ad valorem taxes	1,758	1,758	1,567	(191)
Penalties and interest on taxes	400	400	598	198
Other Revenue from Local Sources:				
Charges for services	1,000	1,000	367	(633)
Other	7,000	7,000	2,461	(4,539)
Revenue from Intermediate Sources:				
Revenue in lieu of taxes	--	--	279	279
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through an intermediate source	1,000	1,000	1,074	74
Total Revenues	<u>396,158</u>	<u>396,158</u>	<u>388,491</u>	<u>(7,667)</u>
Expenditures				
Instructional Services:				
Special programs:				
Programs for special education	284,550	284,550	271,171	13,379
Support Services:				
Students:				
Guidance	300	300	--	300
Psychological	2,750	2,750	2,714	36
Speech pathology	4,800	4,800	7,369	(2,569)
Student therapy services	3,400	3,400	3,315	85
Special Education:				
Administrative costs	22,000	22,000	19,686	2,314
Transportation costs	1,000	1,000	--	1,000
Other special education costs	130,000	130,000	132,139	(2,139)
Contingencies	10,000	10,000	--	10,000
Total Expenditures	<u>458,800</u>	<u>458,800</u>	<u>436,394</u>	<u>22,406</u>
Net Change in Fund Balance	(62,642)	(62,642)	(47,903)	14,739
Fund Balance, Beginning of Year	<u>204,072</u>	<u>204,072</u>	<u>204,072</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 141,430</u>	<u>\$ 141,430</u>	<u>\$ 156,169</u>	<u>\$ 14,739</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Oldham-Ramona School District No. 39-5
Notes to the Required Supplementary Information
June 30, 2022

1. Basis of Presentation:

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds present Capital outlay expenditures as a separate function.

2. Budgets and Budgetary Accounting:

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

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
- c. The proposed budget is published for public review no later than July 15 each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (h).
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

Oldham-Ramona School District No. 39-5

Schedule of the Proportionate Share of the Net Pension Liability (Asset) South Dakota Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0576900%	0.0541804%	0.0570828%	0.0553112%	0.0507671%	0.0509922%	0.0458879%	0.0449446%
District's proportionate share of net pension liability (asset)	\$ (441,807)	\$ (2,353)	\$ (6,049)	\$ (1,290)	\$ (4,607)	\$ 172,247	\$ (194,624)	\$ (323,807)
District's covered-employee payroll	\$ 1,306,604	\$ 1,188,113	\$ 1,214,675	\$ 1,149,866	\$ 1,035,296	\$ 945,924	\$ 837,790	\$ 785,960
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.81%	0.20%	0.50%	0.11%	0.44%	18.21%	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

Note: The information disclosed for each fiscal year is reported as the measurement date of the collective net pension liability (asset) which is June 30 of the preceding year.

Oldham-Ramona School District No. 39-5
Schedule of the School District Contributions South Dakota Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 79,624	\$ 78,378	\$ 71,203	\$ 72,822	\$ 68,992	\$ 62,118	\$ 56,755	\$ 50,267	\$ 47,157
Contributions in relation to the contractually-required contribution	<u>79,624</u>	<u>78,378</u>	<u>71,203</u>	<u>72,822</u>	<u>68,992</u>	<u>62,118</u>	<u>56,755</u>	<u>50,267</u>	<u>47,157</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 1,327,334	\$ 1,306,604	\$ 1,188,113	\$ 1,214,675	\$ 1,149,866	\$ 1,035,296	\$ 945,924	\$ 837,790	\$ 785,960
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	5.99%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

Oldham-Ramona School District No. 39-5

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2022

Changes from Prior Valuation

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change are reflected and described below.

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

Benefit Provision Changes

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

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

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

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

Actuarial Method Changes

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