

Colman-Egan School District No. 50-5

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

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

Colman-Egan School District No. 50-5

School District Officials

June 30, 2022

Board Members

Kirsten Taggart----- Board President

Dan Bowen -----Vice President

Melissa Wright----- Member

Nicole Larson----- Member

Jennifer Keyes----- Member

Brian Corlett-----Superintendent

Luann Smith -----Business Manager

Colman-Egan School District No. 50-5

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

School Board
Colman-Egan School District No. 50-5
Moody County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Colman-Egan School District No. 50-5, 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 July 11, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 LHC".

Elk Point, South Dakota
July 11, 2023

Colman-Egan School District No. 50-5
Schedule of Prior and Current Audit Findings
June 30, 2022

Prior Audit Findings:

There are no prior audit findings.

Current Audit Findings:

There are no current audit findings.



Independent Auditor's Report

School Board
Colman-Egan School District No. 50-5
Moody County, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Colman-Egan School District No. 50-5, 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, 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 Colman-Egan School District No. 50-5 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 Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 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
July 11, 2023

Colman-Egan School District No. 50-5
Statement of Net Position – Government-Wide
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 2,561,328	\$ 150,023	\$ 2,711,351
Accounts receivable	4,446	40	4,486
Taxes receivable	779,168	--	779,168
Due from other government	344,641	--	344,641
Inventories	--	2,535	2,535
Deposits	13,026	--	13,026
Net pension asset	573,124	--	573,124
Capital assets:			
Land and construction in progress	680,244	--	680,244
Other capital assets, net of depreciation	4,624,693	61,539	4,686,232
Total Assets	9,580,670	214,137	9,794,807
Deferred Outflows of Resources:			
Pension-related deferred outflows	792,081	--	792,081
Total Deferred Outflows of Resources	792,081	--	792,081
Liabilities:			
Accounts payable	383,311	--	383,311
Unearned revenue	--	9,962	9,962
Other current liabilities	208,143	21,085	229,228
Long-term liabilities:			
Due within one year	89,018	--	89,018
Due in more than one year	331,689	--	331,689
Total Liabilities	1,012,161	31,047	1,043,208
Deferred Inflows of Resources:			
Taxes levied for future periods	775,992	--	775,992
Pension related deferred inflows	1,111,505	--	1,111,505
Total Deferred Inflows of Resources	1,887,497	--	1,887,497
Net Position:			
Net investment in capital assets	4,888,235	61,539	4,949,774
Restricted for:			
Capital outlay	1,188,928	--	1,188,928
Special education	540,608	--	540,608
Insurance purposes	13,026	--	13,026
SDRS pension purposes	253,700	--	253,700
Unrestricted	588,596	121,551	710,147
Total Net Position	\$ 7,473,093	\$ 183,090	\$ 7,656,183

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

Colman-Egan School District No. 50-5
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	\$ 1,639,225	\$ --	\$ 341,586	\$ (1,297,639)	\$ --	\$ (1,297,639)
Support services	1,400,811	146,920	--	(1,253,891)	--	(1,253,891)
Interest on long-term debt	16,534	--	--	(16,534)	--	(16,534)
Cocurricular activities	240,888	22,978	--	(217,910)	--	(217,910)
Total Governmental Activities	3,297,458	169,898	341,586	(2,785,974)	--	(2,785,974)
Business-Type Activities:						
Food service	185,850	20,830	215,479	--	50,459	50,459
Driver's education	49,151	65,410	--	--	16,259	16,259
Total Business Type Activities	235,001	86,240	215,479	--	66,718	66,718
Total Primary Government	\$ 3,532,459	\$ 256,138	\$ 557,065	(2,785,974)	66,718	(2,719,256)
General Revenues:						
Taxes:						
				1,936,115	--	1,936,115
				63,134	--	63,134
Revenue from State Sources:						
				1,397,124	--	1,397,124
				268	--	268
				17,845	--	17,845
				72,365	--	72,365
				--	--	--
				3,486,851	--	3,486,851
				700,877	66,718	767,595
				6,772,216	116,372	6,888,588
				\$ 7,473,093	\$ 183,090	\$ 7,656,183

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

Colman-Egan School District No. 50-5

Balance Sheet – Governmental Funds

June 30, 2022

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 678,476	\$ 1,333,452	\$ 549,400	\$ --	\$ 2,561,328
Taxes receivable - current	249,809	338,021	188,161	--	775,991
Taxes receivable - delinquent	1,115	1,273	789	--	3,177
Accounts receivable	--	4,446	--	--	4,446
Due from other governments	108,132	203,724	32,785	--	344,641
Deposits NPIP Reserve	13,026	--	--	--	13,026
Total Assets	<u>\$ 1,050,558</u>	<u>\$ 1,880,916</u>	<u>\$ 771,135</u>	<u>\$ --</u>	<u>\$ 3,702,609</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 19,152	\$ 353,966	\$ 10,193	\$ --	\$ 383,311
Contracts payable	141,205	--	25,766	--	166,971
Payroll deductions and withholding and employer matching payable	34,765	--	6,407	--	41,172
Total Liabilities	<u>195,122</u>	<u>353,966</u>	<u>42,366</u>	<u>--</u>	<u>591,454</u>
Deferred Inflows of Resources:					
Taxes levied for future period	249,809	338,022	188,161	--	775,992
Delinquent taxes not available	1,115	1,273	789	--	3,177
Total Deferred Inflows of Resources	<u>250,924</u>	<u>339,295</u>	<u>188,950</u>	<u>--</u>	<u>779,169</u>
Fund Balances:					
Nonspendable-NPIP deposit	13,026	--	--	--	13,026
Restricted:					
For capital outlay	--	1,187,655	--	--	1,187,655
For special education	--	--	539,819	--	539,819
Unassigned	591,486	--	--	--	591,486
Total Fund Balances	<u>604,512</u>	<u>1,187,655</u>	<u>539,819</u>	<u>--</u>	<u>2,331,986</u>
Total Liabilities and Fund Balances	<u>\$ 1,050,558</u>	<u>\$ 1,880,916</u>	<u>\$ 771,135</u>	<u>\$ --</u>	<u>\$ 3,702,609</u>

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

Colman-Egan School District No. 50-5

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

Total Fund Balances - Governmental Funds	\$ 2,331,986
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.	5,304,937
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Capital Outlay Certificates	(390,000)
Accrued Leave	(4,005)
Direct Borrowing	(26,702)
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	3,177
Proportionate Share of Net Pension Asset	573,124
Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds.	(1,111,505)
Pension related deferred outflows are components of non current assets and therefore are not reported in the funds.	<u>792,081</u>
Net Position - Governmental Activities	<u><u>\$ 7,473,093</u></u>

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

Colman-Egan School District No. 50-5

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>Bond Redemption</u>	<u>Total Governmental Funds</u>
Revenues					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 360,976	\$ 459,163	\$ 276,534	\$ 23,679	\$ 1,120,352
Prior years' ad valorem taxes	243,034	324,450	181,165	74,494	823,143
Utility taxes	63,134	--	--	--	63,134
Penalties and interest on taxes	5	9	5	3	22
Earnings on Investments and Deposits	72	141	40	15	268
Cocurricular Activities:					
Admissions	21,525	--	--	--	21,525
Rentals	730	--	--	--	730
Other student activity income	723	--	--	--	723
Other Revenue from Local Sources:					
Rentals	1,000	--	--	--	1,000
Contributions and donations	17,575	270	--	--	17,845
Charges for services	1,837	--	3,199	--	5,036
Other	1,523	--	4,050	--	5,573
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	39,946	--	--	--	39,946
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	1,392,242	--	--	--	1,392,242
Restricted grants-in-aid	4,882	--	--	--	4,882
Revenue from Federal Sources:					
Grants-in-Aid:					
Restricted grants-in-aid received from federal government through the state	67,539	203,724	70,323	--	341,586
Total Revenues	<u>\$ 2,216,743</u>	<u>\$ 987,757</u>	<u>\$ 535,316</u>	<u>\$ 98,191</u>	<u>\$ 3,838,007</u>

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

Colman-Egan School District No. 50-5

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>Bond Redemption</u>	<u>Total Governmental Funds</u>
Expenditures					
Instructional Services:					
Regular Programs:					
Elementary	\$ 496,916	\$ 33,499	\$ --	\$ --	\$ 530,415
Middle/junior high	160,699	12,443	--	--	173,142
High school	364,807	20,506	--	--	385,313
Special Programs:					
Programs for special education	--	--	319,997	--	319,997
Coordinated early intervention	--	--	12,401	--	12,401
Culturally different	37,750	--	--	--	37,750
Educationally deprived	57,229	--	--	--	57,229
Support Services:					
Students:					
Attendance and social work	--	1,955	--	--	1,955
Guidance	46,558	--	--	--	46,558
Health	2,530	--	--	--	2,530
Psychological	--	--	17,235	--	17,235
Speech pathology	--	--	66,366	--	66,366
Student therapy services	--	--	20,791	--	20,791
Instructional Staff:					
Improvement of instruction	26,013	--	--	--	26,013
Educational media	85,893	9,264	--	--	95,157
General Administration:					
Board of education	32,833	--	--	--	32,833
Executive administration	158,659	--	--	--	158,659
School Administration:					
Office of the principal	121,652	1,955	--	--	123,607
Other	691	--	--	--	691
Business:					
Fiscal services	87,541	8,073	--	--	95,614
Facilities acquisition and construction	--	166,011	--	--	166,011
Operation and maintenance of plant	274,666	78,043	--	--	352,709
Student transportation	119,351	--	--	--	119,351
Central:					
Staff	931	--	--	--	931
Special Education:					
Administrative costs	--	--	11,087	--	11,087
Transportation costs	--	--	11,592	--	11,592

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

Colman-Egan School District No. 50-5

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

	General	Capital Outlay	Special Education	Bond Redemption	Total Governmental Funds
Debt Services:	--	188,584	--	227,963	416,547
Cocurricular Activities:					
Transportation	10,106	--	--	--	10,106
Combined activities	152,346	66,606	--	--	218,952
Capital Outlay	--	818,907	--	--	818,907
Total Expenditures	2,237,171	1,405,846	459,469	227,963	4,330,449
Excess of Revenue Over (Under) Expenditures	(20,428)	(418,089)	75,847	(129,772)	(492,442)
Other Financing Sources (Uses):					
Transfer in	--	148,909	--	--	148,909
Transfer out	--	--	--	(148,909)	(148,909)
Sale of Surplus Property	25	4,201	--	--	4,226
Compensation for Loss of General Capital Assets	100	16,484	--	--	16,584
Total Other Financing Sources (Uses)	125	169,594	--	(148,909)	20,810
Net Change in Fund Balances	(20,303)	(248,495)	75,847	(278,681)	(471,632)
Fund Balance, Beginning of Year	624,815	1,436,150	463,972	278,681	2,803,618
Fund Balance, End of Year	\$ 604,512	\$ 1,187,655	\$ 539,819	\$ --	\$ 2,331,986

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

Colman-Egan School District No. 50-5

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	\$ (471,632)
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.	818,907
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.	(189,254)
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	
Capital Outlay Certificates	390,000
Direct Borrowing	10,013
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."	(7,402)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>150,245</u>
Change in net position of governmental activities	<u><u>\$ 700,877</u></u>

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

Colman-Egan School District No. 50-5
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	\$ 99,486	\$ 50,537	\$ 150,023
Accounts receivable, net	40	--	40
Inventory - supplies	409	--	409
Inventory - stores for resale	1,300	--	1,300
Inventory of donated food	826	--	826
Total Current Assets	<u>102,061</u>	<u>50,537</u>	<u>152,598</u>
Noncurrent Assets:			
Machinery and equipment - local funds	163,852	--	163,852
Less accumulated depreciation	(102,313)	--	(102,313)
Total Noncurrent Assets	<u>61,539</u>	<u>--</u>	<u>61,539</u>
Total Assets	<u>\$ 163,600</u>	<u>\$ 50,537</u>	<u>\$ 214,137</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ --	\$ 1,219	\$ 1,219
Contracts payable	292	5,390	5,682
Payroll deductions and withholdings and employer matching payable	1,019	1,370	2,389
Deposits Payable	11,795	--	11,795
Unearned revenue	9,962	--	9,962
Total Current Liabilities	<u>23,068</u>	<u>7,979</u>	<u>31,047</u>
Net Position:			
Net investment in capital assets	61,539	--	61,539
Unrestricted net position	<u>78,993</u>	<u>42,558</u>	<u>121,551</u>
Total Net Position	<u>\$ 140,532</u>	<u>\$ 42,558</u>	<u>\$ 183,090</u>

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

Colman-Egan School District No. 50-5

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:			
Other charges for goods and services	\$ 20,830	\$ 65,410	\$ 86,240
Total Operating Revenue	<u>20,830</u>	<u>65,410</u>	<u>86,240</u>
Operating Expenses:			
Food Service:			
Salaries	65,768	36,641	102,409
Employee benefits	24,854	8,706	33,560
Purchased services	4,927	2,472	7,399
Supplies	3,077	1,332	4,409
Cost of sales - purchased	62,626	--	62,626
Cost of sales - donated	12,237	--	12,237
Depreciation	12,361	--	12,361
Total Operating Expenses	<u>185,850</u>	<u>49,151</u>	<u>235,001</u>
Operating (Loss)	(165,020)	16,259	(148,761)
Nonoperating Revenues/Expenses:			
State grants	489	--	489
Federal grants	203,816	--	203,816
Donated food	11,174	--	11,174
Total Nonoperating Revenue/ (Expenses)	<u>215,479</u>	<u>--</u>	<u>215,479</u>
Change in Net Position	50,459	16,259	66,718
Net Position - Beginning Of Year	<u>90,073</u>	<u>26,299</u>	<u>116,372</u>
Net Position - End of Year	<u>\$ 140,532</u>	<u>\$ 42,558</u>	<u>\$ 183,090</u>

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

Colman-Egan School District No. 50-5
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	\$ 30,983	\$ 65,410	\$ 96,393
Cash payments to suppliers	(80,445)	(2,585)	(83,030)
Cash payments to employees	(90,651)	(45,179)	(135,830)
Net Cash (Used) by Operating Activities	<u>(140,113)</u>	<u>17,646</u>	<u>(122,467)</u>
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	489	--	489
Cash reimbursements - federal	203,816	--	203,816
Net Cash Provided by Noncapital Financing Activities	<u>204,305</u>	<u>--</u>	<u>204,305</u>
Cash Flows from Capital and related Financing Activities:			
Capital contributions	(14,925)	--	(14,925)
Net Cash Provided by Noncapital Financing Activities	<u>(14,925)</u>	<u>--</u>	<u>(14,925)</u>
Net Change in Cash and Cash Equivalents	49,267	17,646	66,913
Cash and Cash Equivalents, Beginning of Year	50,219	32,891	83,110
Cash and Cash Equivalents, End of Year	<u>\$ 99,486</u>	<u>\$ 50,537</u>	<u>\$ 150,023</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (165,020)	\$ 16,259	\$ (148,761)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	12,361	--	12,361
Value of commodities used	12,237	--	12,237
Change in Assets and Liabilities:			
Accounts receivable	191	--	191
Inventory	(146)	--	(146)
Deferred revenue	9,962	--	9,962
Contracts payable	--	187	187
Accrued payroll expenses	(29)	(19)	(48)
Accounts payable	(9,669)	1,219	(8,450)
Net cash (used) by operating activities:	<u>\$ (140,113)</u>	<u>\$ 17,646</u>	<u>\$ (122,467)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 11,174</u>	<u>\$ --</u>	<u>\$ 11,174</u>

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

Colman-Egan School District No. 50-5
Statement of Net Position – Fiduciary Funds
June 30, 2022

	Private -Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 95,733	\$ 80,931
Accounts receivable	--	14,240
	\$ 95,733	\$ 95,171
Total Assets		
Net Position:		
Scholarships	\$ 95,733	\$ --
Individuals, organizations, and other governments	--	95,171
	\$ 95,733	\$ 95,171
Total Net Position		

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

Colman-Egan School District No. 50-5
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
Additions:		
Interest	\$ 10	\$ 1
Collections for student activities	--	193,193
	10	193,194
Total Additions	10	193,194
Deductions:		
Payments for student activities	--	193,436
	--	193,436
Total Deductions	--	193,436
Change in Net Position	10	(242)
Net Position - Beginning	95,723	95,413
Net Position - Ending	\$ 95,733	\$ 95,171

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

Colman-Egan School District No. 50-5

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. Financial Reporting Entity:

The reporting entity of Colman-Egan School District No. 50-5, 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. Basis of Presentation:

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. The 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. 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.

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

Debt Service Funds – Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. The Bond Redemption Fund is the only debt service fund maintained by the School District. This is a major fund.

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods 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 pre-school services and driver’s education instruction 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 Fund – private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only one private-purpose trust fund for scholarships.

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental 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 for the School District is 60 days. The revenues which are accrued at June 30, 2022 are amounts due from other governments for grants and utility taxes.

Colman-Egan School District No. 50-5

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. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

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

e. Capital Assets:

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

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

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

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

The total June 30, 2022 balance of capital assets for governmental activities includes less than 2% for which the costs were determined by estimates of the original costs. The total June 30, 2022 balance of capital assets for business-type activities are all valued at original cost.

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 not capitalized in accordance with USGAAP.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position and on the proprietary fund's 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land*	All	NA	NA
Buildings	\$ 100,000	Straight-line	5-80 years
Improvements	\$ 25,000	Straight-line	5-50 years
Vehicles	\$ 50,000	Straight-line	5-10 years
Machinery and Equipment	\$ 20,000	Straight-line	5-20 years
Food Service Machinery and Equipment	\$ 5,000	Straight-line	3-12 years

*Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

f. 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.

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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 general obligation funds, compensated absences, direct borrowings, and capital outlay certificates payable.

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

g. 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.

h. Deferred Inflows and Deferred Outflows of Resources:

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

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

i. Proprietary Funds Revenue and Expense Classifications:

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

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

j. 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.

k. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

l. Application of Net Position:

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

m. 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.

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

- 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.

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 does not have a formal minimum fund balance policy.

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Taxes
Special Education Fund	Taxes

n. 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.

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

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.

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.

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.

Concentration of Credit Risk – The School District places no limit on the amount that may be invested in any one issuer. The School District does not have any investments with an external investment pool as of June 30, 2022.

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

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

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. Since all receivables are considered collectible, no allowance has been provided for uncollectible amounts.

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

4. Inventory:

Inventory held for consumption is stated at cost.

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

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

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No material inventories were on hand at 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 not intended to be used to finance the current year's appropriations, and therefore are not susceptible to accrual has been reported as deferred inflow of resources levied for the future period in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

6. Changes in Capital Assets:

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

	<u>6/30/2021</u>			<u>6/30/2022</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,861	\$ --	\$ --	\$ 6,861
Construction in progress	--	673,383	--	673,383
Total capital assets not being depreciated	<u>6,861</u>	<u>673,383</u>	<u>--</u>	<u>680,244</u>
Capital assets being depreciated:				
Buildings	4,589,804	--	--	4,589,804
Improvements	1,171,854	--	--	1,171,854
Machinery & Equipment	863,970	145,152	--	1,009,122
Library Books	100,022	372	--	100,394
Total capital assets being depreciated	<u>6,725,650</u>	<u>145,524</u>	<u>--</u>	<u>6,871,174</u>
Less accumulated depreciation:				
Buildings	1,212,495	59,656	--	1,272,151
Improvements	148,577	51,083	--	199,660
Machinery & Equipment	610,951	73,496	--	684,447
Library Books	85,204	5,019	--	90,223
Total accumulated depreciation	<u>2,057,227</u>	<u>189,254</u>	<u>--</u>	<u>2,246,481</u>
Total capital assets being depreciated, net	<u>4,668,423</u>	<u>(43,730)</u>	<u>--</u>	<u>4,624,693</u>
Net Capital Assets	<u>\$ 4,675,284</u>	<u>\$ 629,653</u>	<u>\$ --</u>	<u>\$ 5,304,937</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 122,980
Support services	54,444
Co-curricular activities	11,830
Total Depreciation Expense	<u>\$ 189,254</u>

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

6. Changes in Capital Assets: (Continued)

	<u>6/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2022</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery & Equipment	\$ 148,928	\$ 14,925	\$ --	\$ 163,853
Less accumulated depreciation for:				
Machinery & Equipment	89,953	12,360	--	102,313
Total capital assets, net	<u>\$ 58,975</u>	<u>\$ 2,565</u>	<u>\$ --</u>	<u>\$ 61,540</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food service	<u>\$ 12,360</u>

Construction Work in Progress at June 30, 2022 is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Through 6/30/2022</u>
Roof Repair Project	\$ 555,773	\$ 555,773
Air Conditioner Project	117,610	117,610
Total Construction Work in Progress	<u>\$ 673,383</u>	<u>\$ 673,383</u>

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

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 One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 225,000	\$ --	\$ 225,000	\$ --	\$ --
Capital Outlay Certificates	555,000	--	165,000	390,000	75,000
	<u>780,000</u>	<u>--</u>	<u>390,000</u>	<u>390,000</u>	<u>75,000</u>
Other Liabilities:					
Compensated Absences	4,005	--	--	4,005	4,005
Direct Borrowings	36,715	--	10,013	26,702	10,013
Total Long-Term Liabilities	<u>\$ 820,720</u>	<u>\$ --</u>	<u>\$ 400,013</u>	<u>\$ 420,707</u>	<u>\$ 89,018</u>

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

Debt payable at June 30, 2022 is comprised of the following:

Colman-Egan School District No. 50-5 Capital Outlay Certificates Series 2017	During December 2017, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$615,000. There is a varying interest rate from 1.6 to 2.8% assessed on these bonds. Final payment is December 2026. The Capital Outlay Fund makes payment on this debt.	\$ 390,000
Colman-Egan School District No. 50-5 Direct Borrowing Lease	During February 2020, the School District entered into an agreement to lease copiers and related equipment in the amount of \$50,066. There is no interest rate on this borrowing. Final payment is December 2025. The Capital Outlay Fund makes payment on this debt.	\$ 26,702
Compensated Absences – Payable from the fund to which payroll expenditures are charged		\$ 4,005

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

7. Long-Term Liabilities: (Continued)

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2022 are as follows:

Year Ending June 30,	Direct Borrowing Lease		Capital Outlay Certificates		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 10,013	\$ --	\$ 75,000	\$ 9,124	\$ 85,013	\$ 9,124
2024	10,013	--	75,000	7,418	85,013	7,418
2025	6,676	--	80,000	5,480	86,676	5,480
2026	--	--	80,000	2,240	80,000	2,240
2027	--	--	80,000	2,240	80,000	2,240
Totals	<u>\$ 26,702</u>	<u>\$ --</u>	<u>\$ 390,000</u>	<u>\$ 26,502</u>	<u>\$ 416,702</u>	<u>\$ 26,502</u>

8. Restricted Net Position:

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

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 1,188,928
Special Education	Law	540,608
Insurance Purposes	Law	13,026
SDRS Pension Purposes	Law	253,700
Total		<u>\$ 1,996,262</u>

9. Interfund Transfers:

Interfund transfers for the year ended June 30, 2022 were as follows:

Transfer from the Bond Redemption Fund to the Capital Outlay Fund to close out the fund.	\$ 148,909
--	------------

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

10. Pension Plan:

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and 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.

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.

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%.

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

- 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.

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. 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	\$ 105,220
2021	\$ 101,897
2020	\$ 91,371

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	\$ 10,377,175
Less proportionate share of net pension restricted for pension benefits	10,950,299
Proportionate share of net pension (asset)	<u>\$ (573,124)</u>

At June 30, 2022, the School District reported an asset of (\$573,124) 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 0.07483700%, which is an increase of 0.0038139% from its proportion measured as of June 30, 2020.

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

For the year ended June 30, 2022, the School District recognized reduction of pension expense of (\$150,423). At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20,577	\$ 1,503
Changes in assumption	659,086	287,012
Net difference between projected and actual earnings on pension plan investments	--	818,718
Changes in proportion and difference between district contributions and proportionate share of contributions	7,198	4,272
District contributions subsequent to the measurement date	<u>105,220</u>	<u>--</u>
Total	<u>\$ 792,081</u>	<u>\$ 1,111,505</u>

\$105,220 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:

Year Ended June 30,	
2023	\$ (102,419)
2024	(71,289)
2025	(20,620)
2026	<u>(230,316)</u>
Total	<u>\$ (424,644)</u>

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%

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

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. 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>	

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).

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

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 the net pension (asset)	\$ 928,029	\$ (573,124)	\$ (1,791,710)

Pension Plan Fiduciary Net Position:

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

11. Joint Ventures:

The School District participates in the Prairie Lakes Educational Cooperative, a cooperative service unit (co-op) formed for the purpose of providing administrative services to the member school districts.

The members of the co-op and their relative percentages in the co-op are as follows:

<u>District</u>	<u>Percentage</u>
Baltic School District No. 49-1	8%
Chester Area School District No. 39-1	5%
Colman-Egan School District No. 50-5	5%
Dell Rapids School District No. 49-3	16%
Flandreau School District No. 50-3	21%
Garretson School District No. 49-4	7%
Howard School District No. 48-3	8%
Madison Central School District No. 39-2	15%
Tri-Valley School District No. 49-6	15%

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 co-op'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 Prairie Lakes Educational Cooperative.

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

11. Joint Ventures: (Continued)

At June 30, 2022, this joint venture had:

	<u>June 30, 2022</u>
Total Assets	\$ 186,011
Total Deferred Outflows	\$ 107,001
Total Liabilities	\$ 49,058
Total Deferred Inflows	\$ 148,162
Total Net Position	\$ 95,792

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 Joint Power Authority authorized by SDCL. To be eligible for membership, an applicant must be a governmental unity and a member of the pool. The objective of the pool is to formulate, develop, and administer on behalf of the member organizations, a program of health coverage through pooling risks, self-insurance and joint purchases of insurance.

The pool's contract with its members requires that the members meet an annual participation requirement of seventy five percent of total eligible employees as defined by the benefits plan or plans. A member may voluntarily terminate participation in a plan funded through the pool effective as the close of any plan year following completion of the member's initial participation period as defined by the Joint Powers Agreement.

The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The coverage offered is on the occurrence basis which provides for the payment of claims that occur during the period of coverage regardless of when the claim is reported.

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.

Colman-Egan School District No. 50-5

Notes to the Financial Statements

June 30, 2022

12. Risk Management: (Continued)

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 there were no claims for unemployment benefits. At June 30, 2022, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

13. Significant Contingencies – Litigation:

At June 30, 2022, the School District was not involved in any litigation.

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

Colman-Egan School District No. 50-5

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	\$ 608,312	\$ 608,312	\$ 360,976	\$ (247,336)
Prior years' ad valorem taxes	3,500	3,500	243,034	239,534
Utility taxes	48,000	48,000	63,134	15,134
Penalties and interest on taxes	--	--	5	5
Earnings on Investments and Deposits	600	600	72	(528)
Cocurricular Activities:				
Admissions	17,000	17,000	21,525	4,525
Rentals	600	600	730	130
Other student activity income	--	--	723	723
Other Revenue from Local Sources:				
Rentals	300	300	1,000	700
Contributions and donations	3,000	3,000	17,575	14,575
Charges for services	2,500	2,500	1,837	(663)
Other	--	--	1,523	1,523
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	97,086	97,086	39,946	(57,140)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,399,914	1,399,914	1,392,242	(7,672)
Restricted grants-in-aid	2,000	2,000	4,882	2,882
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received directly from the federal government	12,503	12,503	--	(12,503)
Restricted grants-in-aid received from federal government through the state	68,402	68,402	67,539	(863)
Total Revenues	\$ 2,263,717	\$ 2,263,717	\$ 2,216,743	\$ (46,974)

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

Colman-Egan School District No. 50-5

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 523,750	\$ 523,750	\$ 496,916	\$ 26,834
Middle/junior high	186,650	186,650	160,699	25,951
High school	386,700	386,700	364,807	21,893
Special Programs:				
Culturally different	--	--	37,750	(37,750)
Educationally deprived	55,612	55,612	57,229	(1,617)
Support Services:				
Students:				
Guidance	50,200	50,200	46,558	3,642
Health	4,500	4,500	2,530	1,970
Instructional Staff:				
Improvement of instruction	53,465	53,465	26,013	27,452
Educational media	98,145	98,145	85,893	12,252
General Administration:				
Board of education	49,400	49,400	32,833	16,567
Executive administration	177,750	177,750	158,659	19,091
School Administration:				
Office of the principal	131,100	131,100	121,652	9,448
Other	1,000	1,000	691	309
Business:				
Fiscal services	95,000	95,000	87,541	7,459
Operation and maintenance of plant	365,850	365,850	274,666	91,184
Student transportation	146,200	146,200	119,351	26,849
Food service	1,000	1,000	--	1,000
Central:				
Staff	--	--	931	(931)
Other Support Services				
Nonprogrammed Charges:				
Payments to state - unemployment	4,000	4,000	--	4,000
Cocurricular Activities:				
Transportation	9,650	9,650	10,106	(456)
Combined activities	176,244	176,244	152,346	23,898
Contingencies	50,000	50,000	--	50,000
Total Expenditures	<u>2,566,216</u>	<u>2,566,216</u>	<u>2,237,171</u>	<u>329,045</u>
Excess of Revenues Over Expenditures	<u>(302,499)</u>	<u>(302,499)</u>	<u>(20,428)</u>	<u>282,071</u>
Other Financing Sources:				
Operating transfers in	100,000	100,000	--	(100,000)
Sale of surplus property	--	--	25	25
Compensation for loss of general capital assets	--	--	100	100
Total Other Financing Sources:	<u>100,000</u>	<u>100,000</u>	<u>125</u>	<u>(99,875)</u>
Net Change in Fund Balances	(202,499)	(202,499)	(20,303)	182,196
Fund Balance, Beginning of Year	<u>624,815</u>	<u>624,815</u>	<u>624,815</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 422,316</u>	<u>\$ 422,316</u>	<u>\$ 604,512</u>	<u>\$ 182,196</u>

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

Colman-Egan School District No. 50-5

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 805,000	\$ 805,000	\$ 459,163	\$ (345,837)
Prior years' ad valorem taxes	3,000	3,000	324,450	321,450
Penalties and interest on taxes	200	200	9	(191)
Earnings on Investments & Deposits	300	300	141	(159)
Other Revenue from Local Sources:				
Contributions and donations	--	--	270	270
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	371,000	371,000	203,724	(167,276)
Total Revenues	1,179,500	1,179,500	987,757	(191,743)
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	67,765	67,765	33,499	34,266
Middle/junior high	23,000	23,000	12,443	10,557
High school	36,900	36,900	20,506	16,394
Support Services:				
Students:				
Attendance and Social Work	--	--	1,955	(1,955)
Instructional Staff:				
Educational media	25,600	25,600	9,636	15,964
General Administration:				
Executive administration	3,100	3,100	--	3,100
School Administration:				
Office of the Principal	2,400	2,400	1,955	445
Other	3,100	3,100	--	3,100
Business:				
Fiscal services	12,500	12,500	8,073	4,427
Facilities acquisition and construction	1,038,190	1,038,190	839,394	198,796
Operation and maintenance of plant	67,000	67,000	78,043	(11,043)
Student transportation	59,200	146,200	145,152	1,048
Debt Services:	188,653	188,653	188,584	69
Cocurricular Activities:				
Combined activities	80,000	80,000	66,606	13,394
Total Expenditures	1,607,408	1,694,408	1,405,846	288,562
Excess of Revenue Over (Under)				
Expenditures	(427,908)	(514,908)	(418,089)	96,819
Other Financing Sources (Uses):				
Transfers in	--	--	148,909	148,909
Sale of surplus property	--	--	4,201	4,201
Compensation for Loss of General Cap Assets	--	--	16,484	16,484
Total Other Financing Sources (Uses)	--	--	169,594	169,594
 Net Change in Fund Balances	 (427,908)	 (514,908)	 (248,495)	 266,413
 Fund Balance, Beginning of Year	 1,436,150	 1,436,150	 1,436,150	 --
Fund Balance, End of Year	\$ 1,008,242	\$ 921,242	\$ 1,187,655	\$ 266,413

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

Colman-Egan School District No. 50-5
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 450,942	\$ 450,942	\$ 276,534	\$ (174,408)
Prior years' ad valorem taxes	3,500	3,500	181,165	177,665
Penalties and interest on taxes	400	400	5	(395)
Earnings on Investments & Deposits	100	100	40	(60)
Other Revenue from Local Sources:				
Charges for services	2,000	2,000	3,199	1,199
Other	--	--	4,050	4,050
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	86,808	86,808	70,323	(16,485)
Total Revenues	<u>543,750</u>	<u>543,750</u>	<u>535,316</u>	<u>(8,434)</u>
Expenditures				
Instructional Services:				
Special programs:				
Programs for special education	564,798	564,798	319,997	244,801
Coordinated early intervention	12,400	12,400	12,401	(1)
Support Services:				
Students:				
Psychological	20,000	20,000	17,235	2,765
Speech pathology	75,816	75,816	66,366	9,450
Student therapy services	32,072	32,072	20,791	11,281
Special Education:				
Administrative costs	6,500	6,500	11,087	(4,587)
Transportation costs	37,815	37,815	11,592	26,223
Total Expenditures	<u>749,401</u>	<u>749,401</u>	<u>459,469</u>	<u>289,932</u>
 Net Change in Fund Balance	 (205,651)	 (205,651)	 75,847	 281,498
 Fund Balance, Beginning of Year	 <u>463,972</u>	 <u>463,972</u>	 <u>463,972</u>	 <u>--</u>
Fund Balance, End of Year	<u>\$ 258,321</u>	<u>\$ 258,321</u>	<u>\$ 539,819</u>	<u>\$ 281,498</u>

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

Colman-Egan School District No. 50-5
Notes to the Required Supplementary Information
June 30, 2022

1. 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 Fund.
- k. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. Basis of Presentation:

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

Colman-Egan School District No. 50-5

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)	0.0748370%	0.0710231%	0.0674703%	0.0717990%	0.0709914%	0.0680521%	0.0710132%	0.0703397%
District's proportionate share of net pension liability (asset)	\$ (573,124)	\$ (3,085)	\$ (7,150)	\$ (1,675)	\$ (6,443)	\$ 229,873	\$ (301,187)	\$ (506,769)
District's covered-employee payroll	\$ 1,698,285	\$ 1,522,851	\$ 1,435,740	\$ 1,479,407	\$ 1,442,399	\$ 1,294,012	\$ 1,239,738	\$ 1,230,039
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.75%	0.20%	0.50%	0.11%	0.45%	17.76%	24.29%	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.

Colman-Egan School District No. 50-5
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	\$ 105,220	\$ 101,897	\$ 91,371	\$ 86,073	\$ 89,818	\$ 86,544	\$ 77,641	\$ 74,362	\$ 73,803
Contributions in relation to the contractually-required contribution	<u>105,220</u>	<u>101,897</u>	<u>91,371</u>	<u>86,073</u>	<u>89,818</u>	<u>86,544</u>	<u>77,641</u>	<u>74,362</u>	<u>73,803</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	\$ 1,732,651	\$ 1,698,285	\$ 1,522,851	\$ 1,435,740	\$ 1,479,407	\$ 1,442,399	\$ 1,294,012	\$ 1,239,738	\$ 1,230,039
Contributions as a percentage of employee-covered payroll	6.07%	6.00%	6.00%	6.00%	6.07%	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.

Colman-Egan School District No. 50-5

Notes to the 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.