

McCook Central School District No. 43-7

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

**For the Year Ended
June 30, 2024**

McCook Central School District No. 43-7

School District Officials

June 30, 2024

Board Members

Kurt Stiefvater ----- Board President

Joseph Hoffman -----Vice President

Brad Schock ----- Member

DJ Deknikker----- Member

Jeremy Grady ----- Member

Dan Wagner ----- Member

Allyse Steffen----- Member

Matt Alley ----- Superintendent

Kathy Kaufman -----Business Manager

McCook Central School District No. 43-7

Table of Contents

	Page
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	1-2
Schedule of Prior and Current Audit Findings -----	3
Independent Auditor's Report -----	4-6
Management Discussion and Analysis (MD&A) -----	7-15
Government-Wide Financial Statements	
Statement of Net Position-----	16
Statement of Activities-----	17
Fund Financial Statements	
Governmental Funds:	
Balance Sheet-----	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-----	19
Statement of Revenues, Expenditures and Changes in Fund Balances-----	20-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-----	23
Proprietary Funds:	
Statement of Net Position-----	24
Statement of Revenues, Expenses and Changes in Net Position-----	25
Statement of Cash Flows-----	26
Fiduciary Funds:	
Statement of Net Position-----	27
Statement of Changes in Net Position-----	28
Notes to the Financial Statements -----	29-53
Required Supplementary Information -----	54
Budgetary Comparison Schedule - General Fund - Budgetary Basis-----	55-56
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis-----	57
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis-----	58
Notes to the Required Supplementary Information – Budgetary Comparison Schedules-----	59
Schedule of the Proportionate Share of the Net Pension Liability (Asset)-----	60
Schedule of School District Contributions-----	61
Notes to the Required Supplementary Information – Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of School District Contributions-----	62



**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
McCook Central School District No. 43-7
McCook 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 McCook Central School District No. 43-7, South Dakota (School District), as of June 30, 2024, 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 March 13, 2025, which was qualified because the School District did not adopt Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities* and the long-term financial obligations and commitments related to other postemployment benefits was not recorded.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Prior and Current Audit Findings as item 2024-001.

School District's Response to Findings

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

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.



Elk Point, South Dakota
March 13, 2025

McCook Central School District No. 43-7
Schedule of Prior and Current Audit Findings
Year Ended June 30, 2024

Schedule of Prior Audit Findings:

Finding Number 2023-001 – Compliance Finding

A material weakness resulting from budgeted expenditures exceeding the total amounts budgeted for the Capital Outlay Fund. This finding has since been corrected and will not be restated.

Schedule of Current Audit Findings:

Finding Number 2024-001 – Compliance Finding

Material Weakness

There is a material weakness resulting from expenditures exceeding the total amounts budgeted for the Special Education Fund.

Condition, Cause and Effect: SDCL 13-11-2 requires that the School Board adopt a levy sufficient to meet the budget for the year for each governmental fund. The District had more expenditures than budgeted and didn't supplement for the additional costs. As a result, the expenditures are in excess of budget for the Special Education Fund in total.

Criteria: There is a material weakness resulting from expenditures exceeding the total amounts budgeted for the Special Education Fund.

Recommendation: We recommend that District Officials be aware of and adhere to the budgetary requirements and supplement the budget when necessary in the future.

Management's Response: Management agrees with the finding.



Independent Auditor's Report

School Board
McCook Central School District No. 43-7
McCook County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 McCook Central School District No. 43-7, South Dakota (School District), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, except for the matters described in the "Basis for Qualified and Unmodified Opinions" section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McCook Central School District No. 43-7 as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified 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 qualified audit opinions.

The School District has elected not to record the long-term financial obligations and commitments related to other postemployment benefits (OPEB) in the governmental activities Statement of Net Position. Accounting principles generally accepted in the United States of America require OPEB costs to be recognized and reported in a systematic, accrual-basis measurement over a period that approximates employees' years of service, which would most likely increase long-term liabilities and expenditures and decrease net position in the governmental activities Statement of Net Position.

Accounting principles generally accepted in the United States of America also require information to be provided about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made in funding the plan. The amount by which this departure would affect the liabilities, net position and expenditure of the governmental activities is not reasonably determinable.

The School District also did not adopt Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary activities, which is a departure from accounting principles generally accepting in the United States of America (USGAAP). The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses/expenditures of the governmental activities, the general governmental fund, and the aggregate remaining fund information is reasonably determinable.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025, 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
March 13, 2025

McCook Central School District No. 43-7
Management Discussion and Analysis (MD&A)
June 30, 2024

This section of McCook Central School District No. 43-7's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- During the year, the district's generated revenues of \$6,315,782 from taxes and other revenues of the governmental activities and had a total expense of \$5,876,657 of the governmental fund activities resulting in a net increase of \$439,125 before transfers.
- There was a total of \$352,211 of operating and non-operating revenues generated in the business-type funds along with \$413,491 of expense in the business-type fund activities resulting in a net decrease of \$61,280 before transfers.

Overview of the Financial Statements

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

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

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

McCook Central School District No. 43-7
Management Discussion and Analysis (MD&A)
June 30, 2024

Figure A-1 summarizes the major features of the School’s financial statements, including the portion of the School government covered and the types of information contained. The reminder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of McCook Central School's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds) and the School’s component units	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the School operates similar to private businesses, the food service operation.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Changes in Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

McCook Central School District No. 43-7
Management Discussion and Analysis (MD&A)
June 30, 2024

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position is one way to measure the District's financial health or position.

- Increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the School's property tax base and changes in the state school aid funding formula from the State of South Dakota.

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant or "major" funds rather than the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes:

- State Law requires some of the funds.
- The District's School Board establishes other funds to control and manage money for particular purposes, e.g., various scholarship trust funds.

McCook Central School District No. 43-7
Management Discussion and Analysis (MD&A)
June 30, 2024

The School has three kinds of funds:

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

McCook Central School District No. 43-7
Management Discussion and Analysis (MD&A)
June 30, 2024

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
 McCook School District 43-7
 Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	2023-2024
	Current and Other Assets	\$ 3,998,832	\$ 4,170,927	\$ 131,695	\$ 85,670	\$ 4,130,527	\$ 4,256,597
Capital Assets (Net of Depreciation)	11,743,920	11,646,536	60,197	48,269	11,804,117	11,694,805	-0.93%
Total Assets	<u>15,742,752</u>	<u>15,817,463</u>	<u>191,892</u>	<u>133,939</u>	<u>15,934,644</u>	<u>15,951,402</u>	<u>0.11%</u>
Pension Related Deferred Outflows	992,437	852,512	--	--	992,437	852,512	-14.10%
Total Deferred Outflows or Resources	<u>992,437</u>	<u>852,512</u>	<u>--</u>	<u>--</u>	<u>992,437</u>	<u>852,512</u>	<u>-14.10%</u>
Long-Term Liabilities Outstanding	5,314,549	4,948,170	--	--	5,314,549	4,948,170	-6.89%
Other Liabilities	483,870	375,419	39,198	29,590	523,068	405,009	-22.57%
Total Liabilities	<u>5,798,419</u>	<u>5,323,589</u>	<u>39,198</u>	<u>29,590</u>	<u>5,837,617</u>	<u>5,353,179</u>	<u>-8.30%</u>
Taxes Levied for Future Period	1,423,265	1,503,877	--	--	1,423,265	1,503,877	5.66%
Pension Related Deferred Inflows	586,112	488,926	--	--	586,112	488,926	-16.58%
Total Deferred Inflows of Resources	<u>2,009,377</u>	<u>1,992,803</u>	<u>--</u>	<u>--</u>	<u>2,009,377</u>	<u>1,992,803</u>	<u>-0.82%</u>
Net Investment in Capital Assets	6,429,371	6,698,366	60,197	48,269	6,489,568	6,746,635	3.96%
Restricted	1,169,761	843,144	--	--	1,169,761	843,144	-27.92%
Unrestricted	<u>1,328,261</u>	<u>1,812,073</u>	<u>92,497</u>	<u>56,080</u>	<u>1,420,758</u>	<u>1,868,153</u>	<u>31.49%</u>
Total Net Position	<u>8,927,393</u>	<u>9,353,583</u>	<u>152,694</u>	<u>104,349</u>	<u>9,080,087</u>	<u>9,457,932</u>	<u>4.16%</u>
Beginning Net Position	<u>7,851,513</u>	<u>8,927,393</u>	<u>144,717</u>	<u>152,694</u>	<u>7,996,230</u>	<u>9,080,087</u>	<u>13.55%</u>
Increase (Decrease) in Net Position	<u>\$ 1,075,880</u>	<u>\$ 426,190</u>	<u>\$ 7,977</u>	<u>\$ (48,345)</u>	<u>\$ 1,083,857</u>	<u>\$ 377,845</u>	<u>65.14%</u>
Percentage of Increase (Decrease) in Net Position	<u>13.70%</u>	<u>4.77%</u>	<u>5.51%</u>	<u>-31.66%</u>	<u>13.55%</u>	<u>4.16%</u>	

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

McCook Central School District No. 43-7
Management Discussion and Analysis (MD&A)
June 30, 2024

Changes in Net Position

The McCook Central School District’s total revenues (excluding transfers and extraordinary items) in FY24 were \$6,667,993. Approximately 52% of the District’s revenue comes from property and other taxes, with approximately 37% coming from state aid. (See Table A-2).

Table A-2
McCook Central School District 43-7
Sources of Revenues
Fiscal Year 2023-2024

Taxes	\$ 3,470,502	52.04%
State Sources	2,442,210	36.63%
Operating Grants & Contributions	273,582	4.10%
Other General Revenues	123,789	1.86%
Charges For Services	338,403	5.08%
Unrestricted Investment Earnings	19,507	0.29%
Total Revenue	\$ 6,667,993	100.00%

The McCook Central School District expenses totaled \$6,290,148. The District’s expenses cover a range of services, encompassing instruction, support services, interest on long term debt, community services, co-curricular activities, food services, nonprogrammed charges, and other enterprise. (See Table A-3).

Table A-3
McCook Central School District 43-7
Statement of Expenditures
Fiscal Year 2023-2024

Support Services	\$ 2,046,685	32.53%
Instruction	3,155,963	50.17%
Interest - on Long-Term Debt	133,840	2.13%
Cocurricular Activities	523,728	8.33%
Food Service	321,787	5.12%
Other Enterprise	91,704	1.46%
Nonprogrammed Charges	16,441	0.26%
Total Expenditures	\$ 6,290,148	100.00%

McCook Central School District No. 43-7
Management Discussion and Analysis (MD&A)
June 30, 2024

Governmental and Business-Type Activities

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

Table A-4
 McCook School District No. 43-7
 Changes in Net Position

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	
Revenues							
Program Revenues							
Charge for Services	\$ 107,004	\$ 85,827	\$ 255,019	\$ 252,576	\$ 362,023	\$ 338,403	-6.52%
Operating Grants/ Contributions	650,785	174,065	114,288	99,517	765,073	273,582	-64.24%
General Revenues							
Taxes	3,322,005	3,470,502	--	--	3,322,005	3,470,502	4.47%
Revenue State Sources	2,070,224	2,442,210	--	--	2,070,224	2,442,210	17.97%
Other							
Other general revenues	368,925	123,789	--	--	368,925	123,789	-66.45%
Unrestricted Investment Earnings	8,423	19,389	4,023	118	12,446	19,507	56.73%
	<u>6,527,366</u>	<u>6,315,782</u>	<u>373,330</u>	<u>352,211</u>	<u>6,900,696</u>	<u>6,667,993</u>	<u>-3.37%</u>
Expenses							
Instruction	2,668,511	3,155,963	--	--	2,668,511	3,155,963	18.27%
Support Services	2,039,308	2,046,685	--	--	2,039,308	2,046,685	0.36%
Community Services	2,858	--	--	--	2,858	--	-100.00%
Non-programmed Charges	16,713	16,441	--	--	16,713	16,441	-1.63%
Interest on long-term debt	141,418	133,840	--	--	141,418	133,840	-5.36%
Co-curricular Activities	558,048	523,728	--	--	558,048	523,728	-6.15%
Food Service	--	--	301,386	321,787	301,386	321,787	6.77%
Other Enterprise	--	--	88,597	91,704	88,597	91,704	3.51%
	<u>5,426,856</u>	<u>5,876,657</u>	<u>389,983</u>	<u>413,491</u>	<u>5,816,839</u>	<u>6,290,148</u>	<u>8.14%</u>
Excess (Deficiency) Before Transfers	1,100,510	439,125	(16,653)	(61,280)	1,083,857	377,845	-65.14%
Transfers	(24,630)	(12,935)	24,630	12,935	--	--	0.00%
Increase (Decrease) in Net Position	1,075,880	426,190	7,977	(48,345)	1,083,857	377,845	-65.14%
Beginning Net Position	<u>7,851,513</u>	<u>8,927,393</u>	<u>144,717</u>	<u>152,694</u>	<u>7,996,230</u>	<u>9,080,087</u>	<u>13.55%</u>
Ending Net Position	<u>\$ 8,927,393</u>	<u>\$ 9,353,583</u>	<u>\$ 152,694</u>	<u>\$ 104,349</u>	<u>\$ 9,080,087</u>	<u>\$ 9,457,932</u>	<u>4.16%</u>

McCook Central School District No. 43-7
Management Discussion and Analysis (MD&A)
June 30, 2024

Governmental Activities

Revenues for the governmental activities decreased by approximately 3.24% due to a decrease in operating grants/contributions and other general revenues. Expenses increased by approximately 8.29% due an increase in instruction expenditures.

Business-Type Activities

Revenues for the business-type activities decreased by approximately 5.66% due to an decrease in operating grants. Expenses increased by 6.03% due to an increase in food service and other enterprise expenditures.

Financial Analysis of the School’s Funds

The District’s General Fund increased by \$126,441 due an increase in ad valorem taxes and unrestricted grants-in-aid. The Capital Outlay Fund increased by \$69,390 due to increased revenues and reduced expenditures. The Special Education Fund decreased by \$8,468 due to increased expenditures compared to FY23.

Budgetary Highlights

During the course of the year, the School Board revised the District budget several times.

Capital Asset Administration

By the end of 2024, the School had invested \$11,804,117 (net of depreciation) across a broad range of capital assets, including, land, construction in progress, buildings, improvements, various machinery and equipment, direct borrowings, and library books. (See Table A-5). This amount represents a net decrease (including additions and deductions) of \$109,312 or 0.93%.

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2023	2024	2023	2024		
Land	\$ 157,593	\$ 157,593	\$ --	\$ --	\$ --	0.00%
Construction in progress	129,240	39,827	--	--	(89,413)	-69.18%
Buildings & Improvements	11,100,532	11,139,983	--	--	39,451	0.36%
Machinery & Equipment	333,858	289,804	60,197	48,269	(55,982)	-14.21%
Library Books	22,697	19,329	--	--	(3,368)	-14.84%
Total Capital Assets	\$ 11,743,920	\$ 11,646,536	\$ 60,197	\$ 48,269	\$ (109,312)	-0.93%

McCook Central School District No. 43-7
Management Discussion and Analysis (MD&A)
June 30, 2024

Long-Term Debt

At year-end, the school had \$4,948,170 in general obligation bonds, capital outlay certificates, direct borrowings, and compensated absences. This is a decrease of 6.89% as shown on Table A-6 below.

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2023	2024		
General Obligation Bonds	\$ 2,085,000	\$ 1,935,000	\$ (150,000)	-7.19%
Capital Outlay Certificates	3,155,000	2,925,000	(230,000)	-7.29%
Direct Borrowing	8,789	5,889	(2,900)	-33.00%
Accrued Compensated Absences	65,760	82,281	16,521	25.12%
Total Outstanding Debt	\$ 5,314,549	\$ 4,948,170	\$ (366,379)	-6.89%

The District is liable for the accumulated sick leave payable to certified and administrative staff.

The District also maintains an early retirement plan, which allows certified staff meeting certain qualifications to retire early and receive up to 75% of their last year’s salary in equal payments spread over the next three years. This plan allows the district to potentially reduce the overall program cost by hiring lower paid teachers to replace retiring higher paid teachers.

Economic Factors and Next Year’s Budgets and Rates

The School’s current economic position has shown little change. The School did experience an increase in net position from the prior year primarily due to an increase in revenue from state sources.

Contacting the School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the school’s finances and to demonstrate the school’s accountability for the money it receives. If you have questions about this report or need additional information, contact the McCook Central School District 43-7 Business Office, 200 E Essex Ave, PO Box 310, Salem, SD 57058.

McCook Central School District No. 43-7
Statement of Net Position – Government-Wide
June 30, 2024

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 1,599,452	\$ 83,171	\$ 1,682,623
Investments-Certificates of deposit	300,000	--	300,000
Taxes receivable	1,564,262	--	1,564,262
Inventories	--	1,230	1,230
Other assets	697,430	1,269	698,699
Net pension asset	9,783	--	9,783
Capital assets:			
Land and construction in progress	197,420	--	197,420
Other capital assets, net of depreciation	11,449,116	48,269	11,497,385
Total Assets	15,817,463	133,939	15,951,402
Deferred Outflows of Resources:			
Pension-related deferred outflows	852,512	--	852,512
Total Deferred Outflows of Resources	852,512	--	852,512
Liabilities:			
Unearned revenue	--	29,590	29,590
Other current liabilities	375,419	--	375,419
Long-term liabilities:			
Due within one year	475,211	--	475,211
Due in more than one year	4,472,959	--	4,472,959
Total Liabilities	5,323,589	29,590	5,353,179
Deferred Inflows of Resources:			
Taxes levied for future periods	1,503,877	--	1,503,877
Pension related deferred inflows	488,926	--	488,926
Total Deferred Inflows of Resources	1,992,803	--	1,992,803
Net Position:			
Net investment in capital assets	6,698,366	48,269	6,746,635
Restricted for:			
Capital outlay	377,785	--	377,785
Special education	88,306	--	88,306
Debt service	3,684	--	3,684
SDRS pension purposes	373,369	--	373,369
Unrestricted	1,812,073	56,080	1,868,153
Total Net Position	\$ 9,353,583	\$ 104,349	\$ 9,457,932

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

McCook Central School District No. 43-7
Statement of Activities – Government-Wide
June 30, 2024

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position						
	Expenses	Program Revenues		Primary Government		Total	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities		
Governmental Activities:							
Instruction	\$ 3,155,963	\$ --	\$ 150,684	\$ (3,005,279)	\$ --	\$ (3,005,279)	
Support services	2,046,685	47,108	23,381	(1,976,196)	--	(1,976,196)	
Nonprogrammed Charges	16,441	--	--	(16,441)	--	(16,441)	
Interest on long-term debt*	133,840	--	--	(133,840)	--	(133,840)	
Cocurricular activities	523,728	38,719	--	(485,009)	--	(485,009)	
Total Governmental Activities	<u>5,876,657</u>	<u>85,827</u>	<u>174,065</u>	<u>(5,616,765)</u>	<u>--</u>	<u>(5,616,765)</u>	
Business-Type Activities:							
Food service	321,787	183,604	99,017	--	(39,166)	(39,166)	
Other enterprise	91,704	68,972	500	--	(22,232)	(22,232)	
Total Business Type Activities	<u>413,491</u>	<u>252,576</u>	<u>99,517</u>	<u>--</u>	<u>(61,398)</u>	<u>(61,398)</u>	
Total Primary Government	<u>\$ 6,290,148</u>	<u>\$ 338,403</u>	<u>\$ 273,582</u>	<u>(5,616,765)</u>	<u>(61,398)</u>	<u>(5,678,163)</u>	
		General Revenues:					
		Taxes:					
				Property taxes	3,316,914	--	3,316,914
				Gross receipts taxes	153,588	--	153,588
		Revenue from State Sources:					
				State aid	2,442,210	--	2,442,210
				Unrestricted investment earnings	19,389	118	19,507
				Other general revenues	123,789	--	123,789
				Transfers	(12,935)	12,935	--
				Total General Revenues and Transfers	<u>6,042,955</u>	<u>13,053</u>	<u>6,056,008</u>
				Change in Net Position	426,190	(48,345)	377,845
				Net Position - Beginning of Year	<u>8,927,393</u>	<u>152,694</u>	<u>9,080,087</u>
				Net Position - End of Year	<u>\$ 9,353,583</u>	<u>\$ 104,349</u>	<u>\$ 9,457,932</u>

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

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

McCook Central School District No. 43-7

Balance Sheet – Governmental Funds

June 30, 2024

	<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	\$ 1,078,196	\$ 368,031	\$ 153,225	\$ --	\$ 1,599,452
Investments-certificates of deposit	300,000	--	--	--	300,000
Accounts receivable	--	1,394	--	--	1,394
Taxes receivable - current	593,706	494,976	324,629	90,565	1,503,876
Taxes receivable - delinquent	27,116	17,607	11,979	3,684	60,386
Due from other governments	223,807	--	--	--	223,807
Due from other fund	1,963	--	--	--	1,963
Inventory	5,067	--	--	--	5,067
Prepaid items	9,554	274,295	--	181,350	465,199
Total Assets	<u>\$ 2,239,409</u>	<u>\$ 1,156,303</u>	<u>\$ 489,833</u>	<u>\$ 275,599</u>	<u>\$ 4,161,144</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 16,375	\$ 9,247	\$ 43,451	\$ --	\$ 69,073
Contracts payable	264,025	--	26,982	--	291,007
Due to other funds	--	--	--	1,963	1,963
Payroll deductions and withholding and employer matching payable	6,912	--	6,464	--	13,376
Total Liabilities	<u>287,312</u>	<u>9,247</u>	<u>76,897</u>	<u>1,963</u>	<u>375,419</u>
Deferred Inflows of Resources:					
Taxes levied for future period	593,706	494,976	324,630	90,565	1,503,877
Delinquent taxes not available	27,116	17,607	11,979	3,684	60,386
Total Deferred Inflows of Resources	<u>620,822</u>	<u>512,583</u>	<u>336,609</u>	<u>94,249</u>	<u>1,564,263</u>
Fund Balances:					
Nonspendable - prepaid items and inventory	14,621	274,295	--	181,350	470,266
Restricted:					
For capital outlay	--	360,178	--	--	360,178
For special education	--	--	76,327	--	76,327
Unassigned	1,316,654	--	--	(1,963)	1,314,691
Total Fund Balances	<u>1,331,275</u>	<u>634,473</u>	<u>76,327</u>	<u>179,387</u>	<u>2,221,462</u>
Total Liabilities and Fund Balances	<u>\$ 2,239,409</u>	<u>\$ 1,156,303</u>	<u>\$ 489,833</u>	<u>\$ 275,599</u>	<u>\$ 4,161,144</u>

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

McCook Central School District No. 43-7
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2024

Total Fund Balances - Governmental Funds \$ 2,221,462

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 11,646,536

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Direct Borrowing	(5,889)	
GO Bonds	(1,935,000)	
Capital Outlay Certificates	(2,925,000)	
Compensated Absences	<u>(82,281)</u>	(4,948,170)

Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds. 60,386

Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 9,783

Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (488,926)

Pension related deferred outflows are components of non current assets and therefore are not reported in the funds. 852,512

Net Position - Governmental Activities \$ 9,353,583

McCook Central School District No. 43-7

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

June 30, 2024

	<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	\$ 1,276,131	\$ 1,085,897	\$ 716,935	\$ 205,111	\$ 3,284,074
Prior years' ad valorem taxes	7,291	3,448	2,338	716	13,793
Utility taxes	153,588	--	--	--	153,588
Penalties and interest on taxes	4,424	1,775	1,189	361	7,749
Earnings on Investments and Deposits	19,389	--	--	--	19,389
Tuition and Fees:					
Regular day school transportation fees	--	--	24,594	--	24,594
Cocurricular Activities:					
Admissions	38,719	--	--	--	38,719
Other Revenue from Local Sources:					
Rentals	--	--	271	--	271
Contributions and donations	--	30,000	--	--	30,000
Judgments	--	22,514	--	--	22,514
Charges for services	2,475	--	16,633	--	19,108
Other	30,155	3,821	204	--	34,180
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	46,559	--	--	--	46,559
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	2,265,006	--	--	--	2,265,006
Restricted grants-in-aid	3,849	--	173,355	--	177,204
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid received from federal government through an intermediate source	1,524	2,054	1,369	405	5,352
Restricted grants-in-aid received directly from federal government	23,381	--	--	--	23,381
Restricted grants-in-aid received from federal government through the state	122,960	22,372	--	--	145,332
Total Revenues	<u>\$ 3,995,451</u>	<u>\$ 1,171,881</u>	<u>\$ 936,888</u>	<u>\$ 206,593</u>	<u>\$ 6,310,813</u>

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

McCook Central School District No. 43-7

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

June 30, 2024 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Total Governmental Funds</u>
<u>Expenditures</u>					
Instructional Services:					
Regular programs:					
Elementary	\$ 856,997	\$ 103,338	\$ --	\$ --	\$ 960,335
Middle/junior high	500,484	39,805	--	--	540,289
High school	541,482	128,775	--	--	670,257
Preschool services	4,980	--	--	--	4,980
Special programs:					
Programs for special education	--	--	605,803	--	605,803
Culturally different	44,081	--	--	--	44,081
Educationally deprived	97,754	--	--	--	97,754
Support Services:					
Students:					
Attendance and social work	1,090	--	--	--	1,090
Guidance	63,517	--	--	--	63,517
Health	554	--	17,521	--	18,075
Psychological	--	--	1,749	--	1,749
Speech pathology	--	--	71,172	--	71,172
Student therapy services	--	--	41,516	--	41,516
Instructional Staff:					
Improvement of instruction	15,675	--	--	--	15,675
Educational media	125,082	6,162	194	--	131,438
General Administration:					
Board of education	53,943	--	3,261	--	57,204
Executive administration	130,781	3,753	--	--	134,534
School Administration:					
Office of the principal	286,805	--	--	--	286,805
Other	193	--	--	--	193
Business:					
Fiscal services	142,250	--	5,132	--	147,382
Facilities acquisition and construction	--	7,500	--	--	7,500
Operation and maintenance of plant	445,201	37,327	--	--	482,528
Student transportation	184,889	30,000	--	--	214,889
Internal services	7,513	--	--	--	7,513

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

McCook Central School District No. 43-7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2024 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Total Governmental Funds</u>
Central:					
Information	--	12,798	--	--	12,798
Special Education:					
Administrative costs	--	--	49,711	--	49,711
Transportation costs	--	--	149,297	--	149,297
Nonprogrammed Charges:					
Early retirement payments	16,441	--	--	--	16,441
Debt Services	--	311,715	--	205,025	516,740
Cocurricular Activities:					
Male activities	78,931	--	--	--	78,931
Female activities	59,552	--	--	--	59,552
Combined activities	197,880	22,253	--	--	220,133
Capital Outlay	--	399,065	--	--	399,065
Total Expenditures	<u>3,856,075</u>	<u>1,102,491</u>	<u>945,356</u>	<u>205,025</u>	<u>6,108,947</u>
Excess of Revenue Over (Under) Expenditures	139,376	69,390	(8,468)	1,568	201,866
Other Financing Sources (Uses):					
Transfer out	(12,935)	--	--	--	(12,935)
Total Other Financing Sources (Uses)	<u>(12,935)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(12,935)</u>
Net Change in Fund Balances	126,441	69,390	(8,468)	1,568	188,931
Fund Balance, Beginning of Year	<u>1,204,834</u>	<u>565,083</u>	<u>84,795</u>	<u>177,819</u>	<u>2,032,531</u>
Fund Balance, End of Year	<u><u>\$ 1,331,275</u></u>	<u><u>\$ 634,473</u></u>	<u><u>\$ 76,327</u></u>	<u><u>\$ 179,387</u></u>	<u><u>\$ 2,221,462</u></u>

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

McCook Central School District No. 43-7
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 188,931

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. 399,065

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. (490,120)

In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (6,329)

GO Bond	150,000	
Capital Outlay Certificates	230,000	
Direct Borrowing	<u>2,900</u>	382,900

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." 11,298

Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early. (16,521)

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (43,034)

Change in net position of governmental activities \$ 426,190

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

McCook Central School District No. 43-7
Statement of Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 69,663	\$ 13,508	\$ 83,171
Accounts receivable, net	1,269	--	1,269
Inventory of donated food	1,230	--	1,230
Total Current Assets	<u>72,162</u>	<u>13,508</u>	<u>85,670</u>
Noncurrent Assets:			
Buildings	50,361	--	50,361
Machinery and equipment - local funds	197,234	3,450	200,684
Less accumulated depreciation	<u>(200,188)</u>	<u>(2,588)</u>	<u>(202,776)</u>
Total Noncurrent Assets	<u>47,407</u>	<u>862</u>	<u>48,269</u>
Total Assets	<u>\$ 119,569</u>	<u>\$ 14,370</u>	<u>\$ 133,939</u>
Liabilities:			
Current Liabilities:			
Unearned revenue	<u>\$ 29,590</u>	<u>\$ --</u>	<u>\$ 29,590</u>
Total Current Liabilities	<u>29,590</u>	<u>--</u>	<u>29,590</u>
Net Position:			
Net investment in capital assets	47,407	862	48,269
Unrestricted net position	<u>42,572</u>	<u>13,508</u>	<u>56,080</u>
Total Net Position	<u>\$ 89,979</u>	<u>\$ 14,370</u>	<u>\$ 104,349</u>

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

McCook Central School District No. 43-7

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

June 30, 2024

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Tuition and Fees:			
Regular day school tuition	\$ --	\$ 49,572	\$ 49,572
Driver's education fees	--	12,000	12,000
Food Sales:			
Student	136,611	--	136,611
Adult	4,607	--	4,607
A la carte	29,231	--	29,231
Other charges for goods and services	--	7,400	7,400
Other	13,155	--	13,155
Total Operating Revenue	<u>183,604</u>	<u>68,972</u>	<u>252,576</u>
Operating Expenses:			
Food Service:			
Salaries	22,328	65,608	87,936
Employee benefits	7,283	9,027	16,310
Purchased services	245,216	6,602	251,818
Supplies	3,618	667	4,285
Cost of sales - donated	18,547	--	18,547
Other	13,155	9,512	22,667
Depreciation	11,640	288	11,928
Total Operating Expenses	<u>321,787</u>	<u>91,704</u>	<u>413,491</u>
Operating Income(Loss)	(138,183)	(22,732)	(160,915)
Nonoperating Revenues/Expenses:			
Investment Earnings	118	--	118
State grants	621	--	621
Federal grants	79,849	500	80,349
Donated food	18,547	--	18,547
Total Nonoperating Revenue/ (Expenses)	<u>99,135</u>	<u>500</u>	<u>99,635</u>
Income (Loss) Before Transfers	(39,048)	(22,232)	(61,280)
Transfer	--	12,935	12,935
Change in Net Position	(39,048)	(9,297)	(48,345)
Net Position - Beginning of Year	<u>129,027</u>	<u>23,667</u>	<u>152,694</u>
Net Position - End of Year	<u>\$ 89,979</u>	<u>\$ 14,370</u>	<u>\$ 104,349</u>

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

McCook Central School District No. 43-7
Statement of Cash Flows – Proprietary Funds
June 30, 2024

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 184,403	\$ 68,972	\$ 253,375
Cash payments to suppliers	(262,508)	(16,877)	(279,385)
Cash payments to employees	(29,611)	(84,025)	(113,636)
Net Cash (Used) by Operating Activities	<u>(107,716)</u>	<u>(31,930)</u>	<u>(139,646)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers In	--	12,935	12,935
Cash reimbursements - state	621	--	621
Cash reimbursements - federal	79,849	500	80,349
Net Cash Provided by Noncapital Financing Activities	<u>80,470</u>	<u>13,435</u>	<u>93,905</u>
Cash Flows from Investing Activities:			
Investment Earnings	118	--	118
Net Cash Provided by Investing Activities	<u>118</u>	<u>--</u>	<u>118</u>
Net Change in Cash and Cash Equivalents	(27,128)	(18,495)	(45,623)
Cash and Cash Equivalents, Beginning of Year	96,791	32,003	128,794
Cash and Cash Equivalents, End of Year	<u>\$ 69,663</u>	<u>\$ 13,508</u>	<u>\$ 83,171</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (138,183)	\$ (22,732)	\$ (160,915)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	11,640	288	11,928
Value of commodities used	18,547	--	18,547
Change in Assets and Liabilities:			
Accounts receivable	402	--	402
Deferred revenue	397	--	397
Contracts payable	--	(8,233)	(8,233)
Accrued payroll expenses	--	(1,157)	(1,157)
Accounts payable	(519)	(96)	(615)
Net cash (used) by operating activities:	<u>\$ (107,716)</u>	<u>\$ (31,930)</u>	<u>\$ (139,646)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 18,547</u>	<u>\$ --</u>	<u>\$ 18,547</u>

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

McCook Central School District No. 43-7
Statement of Net Position – Fiduciary Funds
June 30, 2024

	Private -Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 1,462	\$ 51,462
Accounts receivable	--	6,124
Beneficial Interest in Assets held by SD Community Foundation	71,625	--
 Total Assets	\$ 73,087	\$ 57,586
 Amounts held for others	\$ --	\$ 57,586
 Total Liabilities	--	\$ 57,586
Net Position:		
Restricted for:		
Scholarships		
Non-Expendable	71,625	
Expendable	1,462	
 Total Net Position	73,087	
 Total Liabilities and Net Position	\$ 73,087	

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

McCook Central School District No. 43-7
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2024

	Private-Purpose Trust Funds
Additions:	
Contributions and donations	\$ 1,000
Total Additions	1,000
 Deductions:	
Trust deductions for scholarships awarded	1,000
Total Deductions	1,000
Change in Net Position	--
 Net Position - Beginning	 73,087
Net Position - Ending	\$ 73,087

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

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

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 McCook Central School District No. 43-7, 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. These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. 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.

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

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.

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

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.

Bond Redemption Fund – 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 Funds – A fund used to record financial transactions related to driver’s education fees and other service fees conducted for the benefit of the children. The fund is financed by user fees and charges. This is a major fund.

Fiduciary Funds:

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

Private Purpose Trust Funds – 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.

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the McCook Central School District No. 43-7, the length of that cycle is 60 days. Revenues accrued at June 30, 2024 are amounts due mainly from other governments for grants, utility taxes and reimbursements.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

Investments classified in the financial statements consist entirely 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.

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

f. Capital Assets:

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

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

Government-Wide 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.

The total June 30, 2024 balance of capital assets for governmental activities includes approximately 1% for which the costs were determined by estimates of the original costs. The total June 30, 2024 balance of capital assets for business-type activities are valued at original costs. These estimated original costs were established by replacement costs estimated at the time capital asset records were established.

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

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization 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/ Amortization Method</u>	<u>Estimated Useful Life</u>
Land*	\$ 100	NA	NA
Buildings	\$ 50,000	Straight-line	50 years
Improvements	\$ 15,000	Straight-line	10-50 years
Equipment - governmental activities	\$ 5,000	Straight-line	2-20 years
Equipment - proprietary funds	\$ 1,000	Straight-line	12 years

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

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of general obligation bonds, capital outlay certificate, compensated absences, and direct borrowings.

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

h. Leases:

The School District does not have any leases. If the School District had any leases, it would recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$45,000 or more.

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

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

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

i. Subscription Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$45,000 or more.

At the commencement of a subscription, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

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

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

j. 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.

k. 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.

l. 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.

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

m. Cash and Cash Equivalents:

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

n. 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.

o. Application of Net Position:

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

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

p. Fund Balance Classification Policies and Procedures:

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

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

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

The 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

q. 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.

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

2. Violations of Finance-Related Legal and Contractual Provisions:

The School District is prohibited by statutes from spending in excess of appropriated amounts and/or estimated fund balance available at the fund level. The Special Education Fund for the 2024 fiscal year was budgeted to spend \$939,346, but the School District spent \$6,010 more than the budgeted amount. The School District plans to monitor these budgets closely in the future and to supplement as necessary in order to prevent reoccurrence of this violation.

3. 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) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safe-keeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of June 30, 2024, the School District did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

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, 2024.

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

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

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.

4. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. No allowance has been made for estimated uncollectible amounts.

5. Inventory:

Inventory held for consumption is stated at cost.

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

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

6. Property Taxes:

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflows of resources in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

7. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2024 is as follows:

	<u>6/30/2023</u>			<u>6/30/2024</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 157,593	\$ --	\$ --	\$ 157,593
Construction in progress	129,240	67,621	157,034	39,827
Total capital assets not being depreciated	<u>286,833</u>	<u>67,621</u>	<u>157,034</u>	<u>197,420</u>
Capital assets being depreciated:				
Buildings	13,646,954	157,034	--	13,803,988
Improvements	2,122,319	310,332	30,193	2,402,458
Machinery & equipment	1,659,149	18,867	359,793	1,318,223
Library books	109,965	2,245	--	112,210
Total capital assets being depreciated	<u>17,538,387</u>	<u>488,478</u>	<u>389,986</u>	<u>17,636,879</u>
Less accumulated depreciation for:				
Buildings	3,941,569	276,230	--	4,217,799
Improvements	727,172	149,348	27,856	848,664
Machinery & equipment	1,325,291	58,929	355,801	1,028,419
Library books	87,268	5,613	--	92,881
Total accumulated depreciation	<u>6,081,300</u>	<u>490,120</u>	<u>383,657</u>	<u>6,187,763</u>
Total capital assets being depreciated, net	<u>11,457,087</u>	<u>(1,642)</u>	<u>6,329</u>	<u>11,449,116</u>
Net Capital Assets	<u>\$ 11,743,920</u>	<u>\$ 65,979</u>	<u>\$ 163,363</u>	<u>\$ 11,646,536</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 215,942
Support services	109,066
Co-curricular activities	<u>165,112</u>
Total Depreciation Expense	<u>\$ 490,120</u>

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

7. Changes in Capital Assets: (Continued)

	<u>6/30/2023</u>			<u>6/30/2024</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Building	\$ 50,361	\$ --	\$ --	\$ 50,361
Machinery & Equipment	200,684	--	--	200,684
Total capital assets being depreciated	<u>251,045</u>	<u>--</u>	<u>--</u>	<u>251,045</u>
Less accumulated depreciation for:				
Building	41,004	4,067	--	45,071
Machinery & Equipment	149,844	7,861	--	157,705
Total accumulation depreciation	<u>190,848</u>	<u>11,928</u>	<u>--</u>	<u>202,776</u>
Total capital assets being depreciated, net	<u>\$ 60,197</u>	<u>\$ (11,928)</u>	<u>\$ --</u>	<u>\$ 48,269</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	\$ 11,641
Other enterprise	287
Total Business-type activities	<u>\$ 11,928</u>

Construction Work in Progress at June 30, 2024 is composed of the following:

<u>Project name</u>	<u>Project</u>	<u>Expended</u>	<u>Committed</u>
	<u>Authorization</u>	<u>through</u>	
		<u>6/30/2024</u>	
Building Renovation Project	\$ 20,000	\$ 8,000	\$ 12,000
Complex Entrance	54,478	31,827	22,651
Total Construction in Progress	<u>\$ 74,478</u>	<u>\$ 39,827</u>	<u>\$ 34,651</u>

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

8. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2024 is as follows:

Primary Government Governmental Activities:	<u>6/30/2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2024</u>	<u>Due Within One Year</u>
Bonds and CO Certificates Payable:					
General obligation bonds	\$ 2,085,000	\$ --	\$ 150,000	\$ 1,935,000	\$ 155,000
Capital outlay certificates	<u>3,155,000</u>	<u>--</u>	<u>230,000</u>	<u>2,925,000</u>	<u>235,000</u>
	5,240,000	--	380,000	4,860,000	390,000
Other Liabilities:					
Compensated absences	65,760	16,521	--	82,281	82,281
Direct Borrowing	<u>8,789</u>	<u>--</u>	<u>2,900</u>	<u>5,889</u>	<u>2,930</u>
Total Long-Term Liabilities	<u>\$ 5,314,549</u>	<u>\$ 16,521</u>	<u>\$ 382,900</u>	<u>\$ 4,948,170</u>	<u>\$ 475,211</u>

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

Debt payable at June 30, 2024 is comprised of the following:

<p>McCook Central School District No 43-7 General Obligation Bonds, Series 2017</p>	<p>During February 2018, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$2,525,000. There is a varying interest rate of 2 to 3.15% assessed on these bonds. Final payment is August 2034. The Bond Redemption Fund makes payment on this debt.</p>	<p>\$ 1,935,000</p>
<p>McCook Central School District No 43-7 General Obligation Bonds, Series 2017</p>	<p>During February 2018, the School District entered into an agreement to receive Capital Outlay Certificate Bonds in the amount of \$3,815,000. There is a varying interest rate from 2 to 3.00% assessed on these bonds. Final payment is August 2034. The Capital Outlay Fund makes payment on this debt.</p>	<p>\$ 2,925,000</p>
<p>McCook Central School District No 43-7 Direct Borrowing</p>	<p>During 2021, the School District entered into an agreement to lease copiers in the amount of \$14,504. There is an imputed interest rate 3.00% assessed on this lease. Final payment is July, 2026. The Capital Outlay Fund makes payment on this debt.</p>	<p>\$ 5,889</p>

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

10. Interfund Transfers:

Transfers to/from other funds at June 30, 2024, consist of the following:

Transfer from General Fund to Other Enterprise Fund to cover expenses.	\$	12,935
--	----	--------

11. 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). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is 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 four different classes of employees, Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members That were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B 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. Class A and Class B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

11. Pension Plan: (Continued)

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

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and 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, 2024, 2023, and 2022, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 162,702
2023	155,123
2022	152,774

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

11. Pension Plan: (Continued)

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

At June 30, 2023, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of the South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2023 and reported by the School District as of June 30, 2024 are as follows:

Proportionate share of pension liability	\$ 14,524,456
Less proportionate share of net pension restricted for pension benefits	<u>14,534,239</u>
Proportionate share of net pension (asset)	<u><u>\$ (9,783)</u></u>

At June 30, 2024, the School District reported an (asset) of (\$9,783) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2023 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, 2023, the School District's proportion was 0.10023300%, which is a decrease of 0.0064000% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized a reduction of pension expense of \$43,033. At June 30, 2024, 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	\$ 277,309	\$ --
Changes in assumption	334,474	488,926
Net difference between projected and actual earnings on pension plan investments	65,133	--
Changes in proportion and difference between district contributions and proportionate share of contributions	12,894	--
District contributions subsequent to the measurement date	<u>162,702</u>	--
Total	<u><u>\$ 852,512</u></u>	<u><u>\$ 488,926</u></u>

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

11. Pension Plan: (Continued)

\$162,702 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, 2025. 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,	
2025	\$ 137,612
2026	(144,628)
2027	192,967
2028	14,933
Total	<u>\$ 200,884</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, 7.66% at entry to 3.15% after 25 years of service
Discount	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.91%

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

11. Pension Plan: (Continued)

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2022.

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, 2023 (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>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
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).

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

11. 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 liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 2,005,210</u>	<u>\$ (9,783)</u>	<u>\$ (1,657,663)</u>

Pension Plan Fiduciary Net Position:

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

12. Joint Ventures:

The school district participates in the Cornbelt 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 percentage participation in the co-op are as follows:

<u>District</u>	<u>%</u>
Bridgewater/Emery School District No. 30-3	10.41%
Canistota School District No. 43-1	9.16%
Ethan School District No. 17-1	8.84%
Freeman School District No. 33-1	15.09%
Hanson School District No. 30-1	12.38%
Marion School District No. 60-3	6.22%
McCook Central School District No. 43-7	14.47%
Montrose School District No. 43-2	8.09%
Parker School District No. 60-4	15.34%

The co-op's governing board is composed of one representative from each member school district, who is also a school board member. 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.

McCook Central School District No. 43-7

Notes to the Financial Statements

June 30, 2024

12. Joint Ventures: (Continued)

At June 30, 2024, this joint venture had the following:

	<u>June 30, 2024</u>
Total Assets	\$ 1,035,431
Total Liabilities	\$ 202,548
Total Net Position	\$ 832,883

13. Risk Management:

The school district is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2024, the school district managed its risks as follows:

Employee Health Insurance

The School District joined the South Dakota School Districts Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for the South Dakota local government entities. The school district pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases coverage from either Sanford Health Plan or DAKOTACARE Administrative Services with the premiums it receives from the members. The coverage includes three different plans with a deductible from \$1,000 to \$2,500.

The School District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance

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

Worker's Compensation

The school district purchase 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.

McCook Central School District No. 43-7
Notes to the Financial Statements
June 30, 2024

13. Risk Management: (Continued)

Unemployment Benefits

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

During the year ended June 30, 2024, no claims were filed for unemployment benefits. At June 30, 2024, no claims had been made filed for unemployment benefits and none are anticipated in the next fiscal year.

14. Subsequent Events:

Management has evaluated subsequent events through the date of the independent auditor's report which is the date the financial statements were available to be issued.

Required Supplementary Information

McCook Central School District No. 43-7
 Budgetary Comparison Schedule – General Fund – Budgetary Basis
 June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,442,202	\$ 1,442,202	\$ 1,276,131	\$ (166,071)
Prior years' ad valorem taxes	10,000	10,000	7,291	(2,709)
Utility taxes	158,000	158,000	153,588	(4,412)
Penalties and interest on taxes	4,000	4,000	4,424	424
Earnings on Investments and Deposits	4,000	4,000	19,389	15,389
Cocurricular Activities:				
Admissions	34,000	34,000	38,719	4,719
Other Revenue from Local Sources:				
Charges for services	4,000	4,000	2,475	(1,525)
Other	20,000	20,000	30,155	10,155
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	23,000	23,000	46,559	23,559
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	2,223,540	2,223,540	2,265,006	41,466
Restricted grants-in-aid	--	--	3,849	3,849
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through intermediate source	2,000	2,000	1,524	(476)
Restricted grants-in-aid received directly from federal government	--	--	23,381	23,381
Restricted grants-in-aid received from federal government through the state	132,210	132,210	122,960	(9,250)
Other Federal Revenue	13,745	13,745	--	(13,745)
Total Revenues	\$ 4,070,697	\$ 4,070,697	\$ 3,995,451	\$ (75,246)

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

McCook Central School District No. 43-7
 Budgetary Comparison Schedule – General Fund – Budgetary Basis
 June 30, 2024 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 882,250	\$ 882,250	\$ 856,997	\$ 25,253
Middle/junior high	506,850	506,850	500,484	6,366
High school	571,124	571,124	541,482	29,642
Preschool services	6,950	6,950	4,980	1,970
Special Programs:				
Culturally different	15,142	15,142	44,081	(28,939)
Educationally deprived	123,785	123,785	97,754	26,031
Support Services:				
Students:				
Attendance and social work	--	--	1,090	(1,090)
Guidance	64,697	64,697	63,517	1,180
Health	4,500	4,500	554	3,946
Instructional Staff:				
Improvement of instruction	11,150	11,150	15,675	(4,525)
Educational media	143,144	143,144	125,082	18,062
General Administration:				
Board of education	53,057	53,057	53,943	(886)
Executive administration	136,720	136,720	130,781	5,939
School Administration:				
Office of the principal	296,984	296,984	286,805	10,179
Other	800	800	193	607
Business:				
Fiscal services	145,590	145,590	142,250	3,340
Operation and maintenance of plant	500,255	500,255	445,201	55,054
Student transportation	183,745	183,745	184,889	(1,144)
Internal service	--	--	7,513	(7,513)
Nonprogrammed Charges:				
Early retirement payments	16,441	16,441	16,441	--
Cocurricular Activities:				
Male activities	86,492	86,492	78,931	7,561
Female activities	78,054	78,054	59,552	18,502
Combined activities	224,692	224,692	197,880	26,812
Contingency	40,000	40,000	--	40,000
Total Expenditures	<u>4,092,422</u>	<u>4,092,422</u>	<u>3,856,075</u>	<u>236,347</u>
Excess of Revenues Over Expenditures	<u>(21,725)</u>	<u>(21,725)</u>	<u>139,376</u>	<u>161,101</u>
Other Financing Sources:				
Operating transfers out	<u>(11,203)</u>	<u>(11,203)</u>	<u>(12,935)</u>	<u>(1,732)</u>
Total Other Financing Sources:	<u>(11,203)</u>	<u>(11,203)</u>	<u>(12,935)</u>	<u>(1,732)</u>
Net Change in Fund Balances	(32,928)	(32,928)	126,441	159,369
Fund Balance, Beginning of Year	<u>1,204,834</u>	<u>1,204,834</u>	<u>1,204,834</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,171,906</u>	<u>\$ 1,171,906</u>	<u>\$ 1,331,275</u>	<u>\$ 159,369</u>

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

McCook Central School District No. 43-7
 Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
 June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,056,185	\$ 1,056,185	\$ 1,085,897	\$ 29,712
Prior years' ad valorem taxes	--	--	3,448	3,448
Penalties and interest on taxes	1,300	1,300	1,775	475
Other Revenue from Local Sources:				
Contributions and donations	30,000	30,000	30,000	--
Judgments			22,514	22,514
Other	--	--	3,821	3,821
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through intermediate source	1,700	1,700	2,054	354
Restricted grants-in-aid received from federal government through the state	--	--	22,372	22,372
Total Revenues	<u>1,089,185</u>	<u>1,089,185</u>	<u>1,171,881</u>	<u>82,696</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	90,045	90,045	103,338	(13,293)
Middle/junior high	39,271	39,271	39,805	(534)
High school	132,434	132,434	128,775	3,659
Instructional Staff:				
Educational media	16,935	16,935	8,406	8,529
General Administration:				
Executive administration	3,800	3,800	3,753	47
Business:				
Facilities acquisition and construction	--	--	15,500	(15,500)
Operation and maintenance of plant	461,500	461,500	426,148	35,352
Student transportation	85,000	85,000	30,000	55,000
Central:				
Information	18,200	18,200	12,798	5,402
Debt Services	312,000	312,000	311,715	285
Cocurricular Activities:				
Combined activities	15,000	15,000	22,253	(7,253)
Total Expenditures	<u>1,174,185</u>	<u>1,174,185</u>	<u>1,102,491</u>	<u>71,694</u>
Net Change in Fund Balances	(85,000)	(85,000)	69,390	154,390
Fund Balance, Beginning of Year	565,083	565,083	565,083	--
Fund Balance, End of Year	<u>\$ 480,083</u>	<u>\$ 480,083</u>	<u>\$ 634,473</u>	<u>\$ 154,390</u>

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

McCook Central School District No. 43-7
 Budgetary Comparison Schedule – Special Education Fund – Budgetary Basis
 June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 612,157	\$ 612,157	\$ 716,935	\$ 104,778
Prior years' ad valorem taxes	5,000	5,000	2,338	(2,662)
Penalties and interest on taxes	1,000	1,000	1,189	189
Tuition and fees:				
Regular day school transportation fees	20,000	20,000	24,594	4,594
Other Revenue from Local Sources:				
Contributions and donations	--	--	271	271
Charges for services	22,000	22,000	16,633	(5,367)
Other Revenue	--	--	204	204
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	19,251	19,251	--	(19,251)
Restricted grants-in-aid	258,938	258,938	173,355	(85,583)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through an intermediate source	1,000	1,000	1,369	369
Total Revenues	<u>939,346</u>	<u>939,346</u>	<u>936,888</u>	<u>(2,458)</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	605,450	605,450	605,803	(353)
Support Services:				
Students:				
Health	20,000	20,000	17,521	2,479
Psychological	1,904	1,904	1,749	155
Speech pathology	86,069	86,069	71,172	14,897
Student therapy services	52,000	52,000	41,516	10,484
Instructional Staff:				
Educational Media	195	195	194	1
General Administration:				
Board of education	3,262	3,262	3,261	1
Business:				
Fiscal services	5,124	5,124	5,132	(8)
Special Education:				
Administrative costs	49,942	49,942	49,711	231
Transportation costs	115,400	115,400	149,297	(33,897)
Total Expenditures	<u>939,346</u>	<u>939,346</u>	<u>945,356</u>	<u>(6,010)</u>
Net Change in Fund Balance	--	--	(8,468)	(8,468)
Fund Balance, Beginning of Year	<u>84,795</u>	<u>84,795</u>	<u>84,795</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 84,795</u>	<u>\$ 84,795</u>	<u>\$ 76,327</u>	<u>\$ (8,468)</u>

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

McCook Central School District No. 43-7

Notes to the Required Supplementary Information – Budgetary Comparison Schedules June 30, 2024

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 fiduciary 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 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.
- h. If it is determined, during the year, that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- 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. USGAAP/Budgetary Accounting Basis Differences:

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

McCook Central School District No. 43-7
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
South Dakota Retirement System

	<u>2024</u>	<u>2023</u>	<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)	0.1002330%	0.1066330%	0.1070040%	0.1035674%	0.1076067%	0.1112950%	0.1122177%	0.1065193%	0.1124180%	0.1150945%
District's proportionate share of net pension liability (asset)	\$ (9,783)	\$ (10,078)	\$ (819,468)	\$ (4,498)	\$ (11,403)	\$ (2,596)	\$ (10,184)	\$ 359,812	\$ (476,797)	\$ (829,209)
District's covered-employee payroll	\$ 2,585,365	\$ 2,546,233	\$ 2,438,261	\$ 2,274,564	\$ 2,289,192	\$ 2,313,916	\$ 2,280,024	\$ 2,028,259	\$ 2,052,314	\$ 2,012,677
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.38%	0.40%	33.61%	0.20%	0.50%	0.11%	0.45%	17.74%	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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.

McCook Central School District No. 43-7
Schedule of the School District Contributions
South Dakota Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 162,702	\$ 155,123	\$ 152,774	\$ 145,696	\$ 136,380	\$ 137,465	\$ 138,835	\$ 136,803	\$ 121,528	\$ 123,139
Contributions in relation to the contractually-required contribution	<u>162,702</u>	<u>155,123</u>	<u>152,774</u>	<u>145,696</u>	<u>136,380</u>	<u>137,465</u>	<u>138,835</u>	<u>136,803</u>	<u>121,528</u>	<u>123,139</u>
Contribution deficiency (excess)	<u>\$ --</u>									
District's covered-employee payroll	\$ 2,711,687	\$ 2,585,365	\$ 2,546,233	\$ 2,438,261	\$ 2,274,564	\$ 2,289,192	\$ 2,313,916	\$ 2,280,024	\$ 2,028,259	\$ 2,052,314
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	5.98%	6.00%	6.00%	6.00%	6.00%	5.99%	6.00%

McCook Central School District No. 43-7

Notes to Required Supplementary Information - Schedule of the Proportionate Share of the Net Pension Liability
(Asset) and Schedule of Pension Contributions
For the Year Ended June 30, 2024

Changes from Prior Valuation

The June 30, 2023, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2022, Actuarial Valuation.

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

Benefit Provision Changes

During the 2023 Legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety members.

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% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2022 the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%.

As of June 30, 2023 the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

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

Actuarial Method Changes

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