

**Mitchell Technical College**

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

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

# Mitchell Technical College

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

To the Management and School Board  
Mitchell Technical College

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 Mitchell Technical College, a Department of the Mitchell School District No. 17-2, South Dakota (Department), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Department’s basic financial statements and have issued our report thereon dated January 30, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Department'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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department’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 Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department'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.

A handwritten signature in cursive script that reads "CLO Prof LLC".

Mitchell, South Dakota  
January 30, 2025



## Independent Auditor's Report

To the Management and School Board  
Mitchell Technical College

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mitchell Technical College, a Department of the Mitchell School District No. 17-2, South Dakota (Department), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mitchell Technical College 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Mitchell School District No. 17-2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of Mitchell Technical College are intended to present the financial position, the changes in financial positions and, where applicable, cash flows, of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District that is attributable to the transactions of Mitchell Technical College. They do not purport to, and do not, present fairly the financial position of the Mitchell School District No. 17-2 as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **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.

## **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 generally accepted auditing standards 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 generally accepted auditing standards 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 Department'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.

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

## **Required Supplementary Information**

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

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2025 on our consideration of the Mitchell Technical College'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 Mitchell Technical College'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 Department's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CLO Prof LLC".

Mitchell, South Dakota  
January 30, 2025



## Mitchell Technical College

### Statement of Net Position

June 30, 2024

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,209,044	\$ 530,147	\$ 5,739,191
Receivables:			
Trade accounts	241,120	9,226	250,346
Student loans - current portion	41,000	--	41,000
Due from other governments	3,171,882	--	3,171,882
Inventories	669,419	67,677	737,096
Student loans - non-current	387,412	--	387,412
Net pension asset	28,634	--	28,634
Capital assets:			
Land and land improvements	773,740	--	773,740
Construction in progress	225,913	--	225,913
Other capital assets, net of depreciation	25,263,585	--	25,263,585
Restricted Assets:			
Cash with fiscal agent	1,618,030	--	1,618,030
<b>Total Assets</b>	<b>37,629,779</b>	<b>607,050</b>	<b>38,236,829</b>
<b>Deferred Outflows of Resources:</b>			
Pension related deferred outflows	2,516,417	--	2,516,417
<b>Liabilities:</b>			
Accounts payable	377,414	11,031	388,445
Other current liabilities	651,915	30,228	682,143
Noncurrent liabilities:			
Due within one year	219,459	--	219,459
Due in more than one year	2,496,105	--	2,496,105
<b>Total Liabilities</b>	<b>3,744,893</b>	<b>41,259</b>	<b>3,786,152</b>
<b>Deferred Inflows of Resources:</b>			
Pension related deferred inflows	1,441,396	--	1,441,396
<b>Net Position:</b>			
Net investment in capital assets	23,853,238	--	23,853,238
Restricted for:			
Post-Secondary education	6,546,600	--	6,546,600
Student financial aid	78,791	--	78,791
Debt service	1,618,030	--	1,618,030
Mitchell Technical College	1,759,593	--	1,759,593
SDRS pension purposes	1,103,655	--	1,103,655
Unrestricted	--	565,791	565,791
<b>Total Net Position</b>	<b>\$ 34,959,907</b>	<b>\$ 565,791</b>	<b>\$ 35,525,698</b>

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

## Mitchell Technical College

### Statement of Activities

June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Instruction	\$ 10,222,376	\$ 4,084,676	\$ 8,783,735	\$ --	\$ 2,646,035	\$ --	\$ 2,646,035
Support services	7,528,246	3,420,480	780,091	--	(3,327,675)	--	(3,327,675)
Community services	--	--	--	--	--	--	--
Nonprogrammed charges	2,059,061	--	2,059,061	--	--	--	--
Interest on long-term debt*	94,875	--	--	--	(94,875)	--	(94,875)
Cocurricular activities	138,963	--	--	--	(138,963)	--	(138,963)
Total Governmental Activities	20,043,521	7,505,156	11,622,887	--	(915,478)	--	(915,478)
Business-Type Activities:							
Child development center							--
MTC campus store	1,599,941	1,599,229	--	--	--	(712)	(712)
Total Business-type Activities	1,599,941	1,599,229	--	--	--	(712)	(712)
Total Primary Government	\$ 21,643,462	\$ 9,104,385	\$ 11,622,887	\$ --	(915,478)	(712)	(916,190)
General Revenues:							
Revenue from State Sources:							
					6,869,070	--	6,869,070
					294,478	--	294,478
					859,721	--	859,721
					282,546	(282,546)	--
					8,305,815	(282,546)	8,023,269
					7,390,337	(283,258)	7,107,079
					27,569,570	849,049	28,418,619
					\$ 34,959,907	\$ 565,791	\$ 35,525,698

\*The Department 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 statement.

**Mitchell Technical College**  
Balance Sheet – Governmental Funds  
June 30, 2024

	<u>Post-High Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund - Ag Buiding</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 3,411,660	\$ --	\$ 1,759,593	\$ 37,791	\$ 5,209,044
Receivables:					
Trade accounts	241,120	--	--	--	241,120
Student loans - current portion	--			41,000	41,000
Due from other governments	3,171,882	--	--	--	3,171,882
Inventory of stores for resale	669,419			--	669,419
Student loans - non-current	--	--	--	387,412	387,412
Restricted Assets:					
Cash with fiscal agent	--	1,618,030	--	--	1,618,030
Total Assets	<u>\$ 7,494,081</u>	<u>\$ 1,618,030</u>	<u>\$ 1,759,593</u>	<u>\$ 466,203</u>	<u>\$ 11,337,907</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 377,414	\$ --	\$ --	\$ --	\$ 377,414
Contracts payable	446,840	--	--	--	446,840
Payroll deductions and withholdings and employer matching payable	205,075	--	--	--	205,075
Total Liabilities	<u>1,029,329</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,029,329</u>
<b>Fund Balances:</b>					
Nonspendable:					
Inventories	669,419	--	--	--	669,419
Long-term receivables	--	--	--	387,412	387,412
Restricted for:					
Student financial aid	--	--	--	78,791	78,791
Debt service	--	1,618,030	--	--	1,618,030
Mitchell Technical College	--	--	1,759,593	--	1,759,593
Post-secondary education	5,795,333	--	--	--	5,795,333
Total Fund Balances	<u>6,464,752</u>	<u>1,618,030</u>	<u>1,759,593</u>	<u>466,203</u>	<u>10,308,578</u>
Total Liabilities and Fund Balances	<u>\$ 7,494,081</u>	<u>\$ 1,618,030</u>	<u>\$ 1,759,593</u>	<u>\$ 466,203</u>	<u>\$ 11,337,907</u>

Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 28,634

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 26,263,238

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds. 2,516,417

Long-term liabilities, including bonds payable, accrued leave payable, and net pension liability are not due and payable in the current period and therefore are not reported in the funds. (2,715,564)

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (1,441,396)

Net Position of Governmental Activities \$ 34,959,907

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

**Mitchell Technical College**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2024

	<u>Post-High Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund - Ag Buiding</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Revenue from Local Sources:					
Post Secondary Program Tuition and Fees:					
Post secondary program tuition	\$ 3,394,263	\$ --	\$ --	\$ --	\$ 3,394,263
Post secondary student fees	690,413	--	--	--	690,413
Earnings on investments and deposits	51,647	88,302	154,529	--	294,478
Post Secondary:					
Resales/services - occupational programs	221,733	--	--	--	221,733
State fees	184,376	--	--	--	184,376
Corporate education fees	121,936	--	--	--	121,936
Local fees	2,530,610	--	--	--	2,530,610
Other Revenue from Local Sources:					
Rentals	88,640	--	--	--	88,640
Contributions and donations	780,091	--	--	--	780,091
Refund of prior years' expenditures	11,762	--	--	--	11,762
Judgements	19,929	--	--	--	19,929
Other	341,896	--	--	--	341,896
Revenue from State Sources:					
Grants-in-aid:					
Unrestricted grants-in-aid	6,869,070	--	--	--	6,869,070
Other state revenue	7,979,031	--	--	--	7,979,031
Revenue from Federal Sources:					
Grants-in-aid:					
Restricted grants-in-aid received directly from federal government	--	--	--	2,059,061	2,059,061
Restricted grants-in-aid received from federal government through the state	631,018	--	--	--	631,018
Other Federal Revenue	147,610	--	--	26,076	173,686
Total Revenues	<u>\$ 24,064,025</u>	<u>\$ 88,302</u>	<u>\$ 154,529</u>	<u>\$ 2,085,137</u>	<u>\$ 26,391,993</u>

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

**Mitchell Technical College**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2024 (Continued)

	<u>Post-High Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund - Ag Buiding</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Expenditures</b>					
Instruction:					
Post Secondary Occupational Programs	\$ 7,902,626	\$ --	\$ --	\$ --	\$ 7,902,626
Support Services:					
Students:					
Guidance	1,998,023	--	--	--	1,998,023
General Administration:					
Executive administration	47,390	--	--	--	47,390
School Administration:					
Vocational school - director's office	267,297	--	--	--	267,297
Financial aids administration	190,800	--	--	--	190,800
Other	684,118	--	--	--	684,118
Business:					
Fiscal services	499,498	--	--	--	499,498
Facilities acquisition and construction	538,056	--	--	--	538,056
Operation and maintenance of plant	2,021,644	--	--	--	2,021,644
Central:					
Planning	75,110	--	--	--	75,110
Data processing	727,875	--	--	--	727,875
Resale Services:					
Post secondary resales/service	370,950	--	--	--	370,950
Other Support Services	--	--	--	26,076	26,076
Nonprogrammed Charges:					
Student financial aid	--	--	--	2,057,211	2,057,211
Other nonprogrammed charges	--	--	--	1,850	1,850
Debt Services	154,875	--	--	--	154,875
Cocurricular Activities:					
Combined activities	91,245	--	--	--	91,245
Capital Outlay	12,595,035	--	--	--	12,595,035
Total Expenditures	<u>28,164,542</u>	<u>--</u>	<u>--</u>	<u>2,085,137</u>	<u>30,249,679</u>
Excess of Revenues Over Expenditures	<u>(4,100,517)</u>	<u>88,302</u>	<u>154,529</u>	<u>--</u>	<u>(3,857,686)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	4,427,482	115,789	750,000	--	5,293,271
Transfers (out)	(840,789)	--	(4,144,936)	--	(4,985,725)
General long-term debt issued	355,000	--	--	--	355,000
Sale of surplus property	759,319	--	--	--	759,319
Total Other Financing Sources (Uses)	<u>4,701,012</u>	<u>115,789</u>	<u>(3,394,936)</u>	<u>--</u>	<u>1,421,865</u>
Net Change in Fund Balnce	600,495	204,091	(3,240,407)	--	(2,435,821)
<b>Fund Balance, Beginning of Year</b>	<u>5,864,257</u>	<u>1,413,939</u>	<u>5,000,000</u>	<u>466,203</u>	<u>12,744,399</u>
<b>Fund Balance, End of Year</b>	<u>\$ 6,464,752</u>	<u>\$ 1,618,030</u>	<u>\$ 1,759,593</u>	<u>\$ 466,203</u>	<u>\$ 10,308,578</u>

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

**Mitchell Technical College**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
Balances – Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2024

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Net Change in Fund Balances - Total Governmental Funds \$ (2,435,821)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation expense in the current period. 10,209,113

In the statement of activities gains of \$61,054 on disposal of capital are reported, whereas, in the governmental funds, the proceeds of \$103,876 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (+gains, -losses, -proceeds=amount) (24,958)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 60,000

The issuance of long-term debt is an other financing source in the fund statement but an increase in long-term liabilities on the government wide statements. (355,000)

Governmental funds do not reflect the change in accrued leave and early retirement payments, but the statement of activities reflects the change in accrued leave and early retirement payments through expenditures. (8,139)

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds (54,858)

Change in Net Position of Governmental Activities \$ 7,390,337

**Mitchell Technical College**  
Statement of Net Position – Proprietary Funds  
June 30, 2024

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	<u>MTC Campus Store Fund</u>
<b>Assets:</b>	
Current Assets:	
Cash and cash equivalents	\$ 530,147
Accounts receivable, net	9,226
Inventory of stores purchased for resale	<u>67,677</u>
Total Current Assets	<u>607,050</u>
 Total Assets	 <u>607,050</u>
 <b>Liabilities and Net Position:</b>	
<b>Liabilities:</b>	
Current Liabilities:	
Accounts payable	11,031
Sales tax payable	<u>30,228</u>
Total Current Liabilities	<u>41,259</u>
 <b>Net Position:</b>	
Unrestricted net position	<u>565,791</u>
Total Net Position	<u>\$ 565,791</u>

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

**Mitchell Technical College**  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
For the Year Ended June 30, 2024

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	<b>MTC Campus Store Fund</b>
<b>Operating Revenues:</b>	
Charges for Services:	
Bookstore	\$ 1,599,229
<b>Operating Expenses:</b>	
Cost of sales	1,482,758
Salaries	75,946
Purchased services	7,679
Employee benefits	29,912
Supplies	3,646
Total Operating Expenses	1,599,941
Operating (Loss)	(712)
Transfers (out)	(282,546)
Change in Net Position	(283,258)
<b>Net Position, Beginning of Year</b>	849,049
<b>Net Position, End of Year</b>	\$ 565,791

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



**Mitchell Technical College**  
Statement of Cash Flows – Proprietary Funds  
For the Year Ended June 30, 2024

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	<b><u>MTC Campus Store Fund</u></b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 1,590,003
Cash paid to suppliers	(1,512,182)
Cash paid to employees	<u>(105,858)</u>
Cash Flows (Used) by Operating Activities	<u>(28,037)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Transfers (to) from other funds	<u>(282,546)</u>
Cash Flows (Used) by Non-Capital Financing Activities	(282,546)
<b>Net (Decrease) in Cash and Cash Equivalents</b>	(310,583)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>840,730</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 530,147</u></u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>	
Operating (Loss)	\$ (712)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
(Increase) in:	
Trade Accounts	(9,226)
Inventory	(5,651)
Increase (decrease) in:	
Accounts payable	(11,180)
Sales tax payable	(1,268)
Unearned revenue	<u>--</u>
Total Adjustments	<u>(27,325)</u>
Cash Flows (Used) by Operating Activities	<u><u>\$ (28,037)</u></u>

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

**Mitchell Technical College**  
Statement of Net Position – Fiduciary Funds  
June 30, 2024

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	<b>Custodial Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	<u>\$ 292,341</u>
Total Assets	<u>292,341</u>
<b>Net Position:</b>	
Restricted for:	
Individuals, organizations, and other governments	<u>292,341</u>
Total Liabilities and Net Position	<u><u>\$ 292,341</u></u>

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

**Mitchell Technical College**  
Statement of Changes in Net Position – Fiduciary Funds  
For the Year Ended June 30, 2024

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	<b>Custodial Funds</b>
<b>Additions:</b>	
Collections for student activities	<u>\$ 163,525</u>
Total Additions	<u>163,525</u>
<b>Deductions:</b>	
Payments for student activities	<u>154,187</u>
Total Deductions	<u>154,187</u>
Change in Net Position	9,338
<b>Net Position, Beginning</b>	<u>283,003</u>
<b>Net Position, Ending</b>	<u><u>\$ 292,341</u></u>

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

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**1. Summary of Significant Accounting Policies:**

The accounting policies of Mitchell Technical College, a Department of the Mitchell School District No. 17-2 conform to generally accepted accounting principles as applicable to government entities in the United States of America.

a. Financial Reporting Entity:

Mitchell Technical College is a Department of the Mitchell School District No. 17-2 (Department). Mitchell Technical College consists of all of the funds, organizations, institutions, agencies, departments, and offices that make up Mitchell Technical College, plus those funds for which Mitchell Technical College 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 Mitchell Technical College is financially accountable; and other organizations for which the nature and significance of their relationship with the Mitchell Technical College are such that their exclusion would cause Mitchell Technical College's financial statements to be misleading or incomplete.

The accompanying financial statements include only the accounts of Mitchell Technical College and do not include various other activities and organizations over which the Mitchell School District No. 17-2 exercises oversight responsibilities.

b. Basis of Presentation:

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity, except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities 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 Department and for each function of the Department'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, are presented as general revenues.

**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 Department 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% 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% 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 Department's financial reporting entity are described below within their respective fund types:

**Governmental Funds:**

Post-Secondary Vocational-Technical Fund (also referred to as Post-High Fund) – A fund established by SDCL 13-39-39.1 to account for funds incidental to the operation of the post-secondary vocational-technical program. This is a major fund. This is considered the general fund for the reporting entity of Mitchell Technical College.

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.

Pell Grant Fund, Perkins Loan Fund, SEOG Fund and CWSP Fund – These funds were established to account for the activity of Student Financial Aid Programs. These funds are not major funds.

Debt Service Fund – 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.

Series 2010A Certificate Redemption Fund – A fund established in accordance with the terms of the Series 2010A Capital Outlay Certificate Bonds restricted to use for the payment of the certificates upon maturity. The Series 2010A Certificate Redemption Fund is a major fund.

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**1. Summary of Significant Accounting Policies: (Continued)**

Capital Projects Fund – Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds)

The Ag Building Capital Project Fund is to construct a new ag building. This is a major fund.

**Proprietary Funds:**

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

- 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.)
- 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.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The MTC Campus Store Fund – enterprise fund used to record financial transactions related to the operation of the MTC Bookstore. This is a major fund.

**Fiduciary Funds:**

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

Custodial Funds – custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. MTC 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.

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**1. Summary of Significant Accounting Policies: (Continued)**

**Measurement Focus:**

Government-wide Financial Statements:

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

Fund Financial Statements:

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

**Basis of Accounting:**

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the Department is 60 days. The revenues which are accrued at June 30, 2024, are grant reimbursements and tuition and fees.

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.

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 fund types 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.

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**1. Summary of Significant Accounting Policies: (Continued)**

d. Capital Assets:

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

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.

For governmental activities and business-type activities/proprietary fund's operations Capital Assets, construction-period interest is not capitalized, in accordance with US GAAP.

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. Accumulated depreciation/amortization is reported on the government-wide 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:

	<b>Capitalization Threshold</b>	<b>Depreciation/ Amortization Method</b>	<b>Estimated Useful Life</b>
Land*	\$ 5,000	--	--
Land improvements	\$ 5,000	Straight-line	20 yrs
Buildings	\$ 50,000	Straight-line	50 yrs
Machinery and equipment	\$ 5,000	Straight-line	5-20 yrs
Intangible lease assets/SBITA's	\$ 45,000	Straight-line	5-50 yrs

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



**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.

e. 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 primarily consist of compensated absences, early retirement benefits payable, notes payable, leases, and capital outlay certificates payable.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) while payments of principal and interest are reported as expenditures.

f. Program Revenues:

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

- 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.
- Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
- Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

g. 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.

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**1. Summary of Significant Accounting Policies: (Continued)**

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.

h. 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.

i. Cash and Cash Equivalents:

The Department 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 deposit balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

j. Equity Classifications:

**Government-Wide 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.

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**1. Summary of Significant Accounting Policies: (Continued)**

k. Application of Net Position:

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

l. 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 Department 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 balances 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 nonspendable fund balance is comprised of amounts reported in non-spendable form such as inventory and amounts not in cash form such as long-term portion of loans receivable.

The Department 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 Department would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

**1. Summary of Significant Accounting Policies: (Continued)**

m. 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. Department contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

n. Leases:

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

At the commencement of a lease, the Department 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 the 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 commencement date, plus certain initial direct costs. Subsequently, the lease is amortized on a straight-line basis over its useful life.

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

- The Department uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Department generally uses its 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 Department is reasonably certain to exercise.

The Department 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.

**1. Summary of Significant Accounting Policies: (Continued)**

**o. Subscription Based Information Technology Arrangements:**

The Department does not have any subscription based information technology arrangements to recognize. If the Department 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 Department recognizes subscription liabilities with an initial, individual value of \$45,000 or more.

At the commencement of a subscription, the Department 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 Department determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Department uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Department 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 Department is reasonably certain to exercise.

The Department 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.

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

The Department 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:

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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

Deposits – The Department’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 or at least 100% 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 Department funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

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

Interest Rate Risk – The Department 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 Department’s policy is to credit all income from investments to the fund making the investment.

**3. Receivables and Payables:**

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

**4. Inventory:**

Inventory held for consumption is stated at cost.

Inventories held for resale are recorded at the lower of cost or market, on a first-in, first-out cost flow assumption.

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**4. Inventory: (Continued)**

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

In the governmental fund financial statements, inventories consist of land and residential homes constructed as part of the educational program and held for sale. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**5. Changes in Capital Assets:**

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

	<u>Balance</u> <u>7/1/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2024</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 773,740	\$ --	\$ --	\$ 773,740
Construction in progress	1,292,126	225,913	(1,292,126)	225,913
Total, not being depreciated/amortized	<u>2,065,866</u>	<u>225,913</u>	<u>(1,292,126)</u>	<u>999,653</u>
Capital assets, being depreciated/amortized:				
Buildings	9,821,735	10,447,655	--	20,269,390
Machinery and equipment	20,384,389	3,158,593	(546,162)	22,996,820
Intangible lease assets	--	55,000	--	55,000
Total, being depreciated/amortized	<u>30,206,124</u>	<u>13,661,248</u>	<u>(546,162)</u>	<u>43,321,210</u>
Less accumulated depreciation/amortization for:				
Buildings	2,589,958	449,277	--	3,039,235
Machinery and equipment	13,602,949	1,934,354	(521,204)	15,016,099
Intangible lease assets	--	2,291	--	2,291
Total accumulated depreciation/amortization	<u>16,192,907</u>	<u>2,385,922</u>	<u>(521,204)</u>	<u>18,057,625</u>
Total capital assets, being depreciated/amortized, net	<u>\$ 14,013,217</u>	<u>\$ 11,275,326</u>	<u>\$ (24,958)</u>	<u>\$ 25,263,585</u>

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

**5. Changes in Capital Assets: (Continued)**

Depreciation/amortization expense was charged to functions as follows:

Instruction	\$ 2,242,767
Support services	95,437
Co-curricular activities	47,718
	\$ 2,385,922

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

Project Name	Project Authorization	Expended Through 06/30/2024	Committed	Required Future Financing
Nursing Lab	\$ 100,000	\$ 8,750	\$ 91,250	\$ --
Drainage Project -Phase 2	\$ 1,171,671	\$ 91,788	\$ 1,079,883	\$ --
TC Auditorium	\$ 2,000,000	\$ 19,375	\$ 1,980,625	\$ --
Morton Buildings	\$ 150,000	\$ 106,000	\$ 44,000	\$ --

**6. Long-Term Liabilities:**

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
Capital Outlay Certificates	\$ 1,725,000	\$ --	\$ --	\$ 1,725,000	\$ --
Total Debt	1,725,000	--	--	1,725,000	--
Early Retirement Payable -					
Governmental Funds	5,357	15,254	--	20,611	20,611
Accrued Compensated Absences -					
Governmental Funds	292,068	125,769	(132,884)	284,953	113,981
Lease	--	55,000	--	55,000	24,867
Note Payable -					
Governmental Funds	390,000	300,000	(60,000)	630,000	60,000
Total Governmental Activities	\$ 2,412,425	\$ 496,023	\$ (192,884)	\$ 2,715,564	\$ 219,459

Compensated absences for governmental activities typically have been liquidated from the Post-High Fund. Early retirement benefits for governmental activities typically have been liquidated from the Post-High Fund.



**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**6. Long-Term Liabilities: (Continued)**

Liabilities payable at June 30, 2024, are comprised of the following:

**Capital Outlay Certificates:**

	Terms	
Mitchell School District No. 17-2 Limited Tax General Obligation Taxable Certificates, Series 2010A Qualified Energy Conservation Bonds - Direct Pay– Secured by pledge of capital outlay tax levy	5.50%; Certificate matures and final principal payment due December 1, 2029. Payable from Series 2010 Certificate Redemption Fund. Semi-annual deposits of \$45,395 are required to be made to the fund on June 1 and December 1, with final deposit to be made on December 1, 2029.	\$ 1,725,000

**Notes and Leases payable:**

Rural Electric Economic Development – Unsecured	0.00%; due in annual installments of \$30,000 (principal only, no interest) on April 25. Final payment due April 25, 2029.	\$ 150,000
Central Electric Cooperative, Inc. Rural Electric Economic Development - Unsecured	0.00%; due in annual installments of \$30,000 (principal only, no interest) on June 15. Final payment due June 15, 2024. Loan may be extended upon mutual consent of the lender and borrower for up to three (3) consecutive two-year terms for a total term on ten years through June 15, 2030.	\$ 180,000
Rural Electric Economic Development – Unsecured	0.00%; due in annual installments of \$30,000 (principal only, no interest) on April 25. Final payment due April 25, 2034.	\$ 300,000
Lease with Rodney Tuttle	Imputed rate of 4.07%, \$6,875 due quarterly, expiring December 2026. Payable from Post-High Fund	\$ 55,000

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

**6. Long-Term Liabilities: (Continued)**

**Other long-term liabilities:**

Compensated Absences –		
Payable from the fund to which payroll expenditures are charged	\$	284,953
Early Retirement Benefits –		
Payable from the Post-High Fund	\$	20,611

The annual debt service requirements to maturity, except for compensated absences, for all debt outstanding as of June 30, 2024, are as follows:

Year Ending June 30,	Capital Outlay Certificates		Notes Payable		Lease		Early Retirement Benefits	Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest
	2025	\$ --	\$ 94,875	\$ 60,000	\$ --	\$ 24,867	\$ 2,633	\$ 20,611	\$ 105,478
2026	--	94,875	90,000	--	30,133	823	--	120,133	95,698
2027	--	94,875	90,000	--	--	--	--	90,000	94,875
2028	--	94,875	90,000	--	--	--	--	90,000	94,875
2029	--	94,875	90,000	--	--	--	--	90,000	94,875
2030-2031	1,725,000	--	210,000	--	--	--	--	1,935,000	--
Totals	\$ 1,725,000	\$ 474,375	\$ 630,000	\$ --	\$ 55,000	\$ 3,456	\$ 20,611	\$ 2,430,611	\$ 477,831

**7. Interfund Transfers:**

Interfund transfers for the year ended June 30, 2024, were as follows:

Transfers from:	Transfers to:			Purpose
	Debt Service Funds	Post-High Fund	Capital Projects Fund	
Capital Outlay Fund	\$ 25,000	\$ --	\$ --	Deposits for debt retirement
Capital Projects Fund	\$ --	\$ 4,144,936	\$ --	Cover diesel building costs
Post-High Fund	\$ 90,789	\$ --	\$ 750,000	Deposits for debt retirement/Transfer for CD
MTC Bookstore Fund	\$ --	\$ 282,546	\$ --	Earnings on bookstore operations

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**8. Restricted Net Position:**

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

Purpose	Restricted By	Amount
Post-Secondary Education	Law	\$ 6,546,600
Student Financial Aid	Law	78,791
Debt Service	Bond Agreement	1,618,030
Mitchell Technical College	Donor	1,759,593
SDRS pension purposes	Law	1,103,655
Total Restricted Net Position		\$ 11,106,669

**9. Restricted Cash and Investments:**

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

Amount	Purpose
\$ 1,618,030	For debt service, by debt covenants (sinking funds required to be in a separate account)

**10. Pension Plan:**

a. Plan Information:

All employees working more than 20 hours per week during the school year participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple-employer hybrid defined-benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions is 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, PO Box 1098, Pierre, SD 57501-1098, or by calling 605-773-3731.

b. Benefits Provided:

SDRS has four classes of members: 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.

## 10. Pension Plan: (Continued)

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to 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.

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**10. Pension Plan: (Continued)**

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Department's share of contributions to the SDRS for the years ended June 30, 2024, 2023, and 2022, equal to the required contributions each year, were as follows:

Year	Amount
2024	\$ 517,091
2023	458,149
2022	442,681

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

At June 30, 2022, 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 Department as of the measurement period ending June 30, 2023 and reported by the Department as of June 30, 2024 are as follows:

Proportionate share of pension liability	\$ 42,511,586
Less proportionate share of net pension restricted for pension benefits	<u>42,540,220</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (28,634)</u></u>

At June 30, 2024, the Department reported an asset of \$28,634 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 and the total pension liability used to calculate the net pension asset was based on a projection of the Department's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Department's proportion was .293357%, which is a decrease of .005604% from its proportion measured as of June 30, 2022.

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**10. Pension Plan: (Continued)**

For the year ended June 30, 2024 , the Department recognized pension expense of \$54,858. At June 30, 2024, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 811,656	\$ --
Changes in assumption	978,970	1,431,036
Net difference between projected and actual earnings on pension plan investments	190,638	--
Changes in proportion and difference between District contributions and proportionate share of contributions	18,062	10,360
District contributions subsequent to the measurement date	517,091	--
	<b>\$ 2,516,417</b>	<b>\$ 1,441,396</b>

\$517,091 reported as deferred outflow of resources related to pensions resulting from the Department's 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:

<b>Year Ended June 30,</b>	
2024	\$ 386,353
2025	(427,459)
2026	558,089
2027	40,947
Total	<b>\$ 557,930</b>

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**10. Pension Plan: (Continued)**

e. Actuarial Assumptions:

The total pension 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, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.5% and real returns of 4%
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 age 65

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

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

**Beneficiaries:**

PubG-2010 contingent survivor mortality table

**Disabled Members:**

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 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.).

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**10. Pension Plan: (Continued)**

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	56.3%	3.8%
Investment grade debt	22.8%	1.7%
High yeild debt	7.0%	2.7%
Real estate	12.0%	3.5%
Cash	1.9%	0.8%
	100.0%	

f. Discount Rate:

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
Department's proportionate share of the net pension (asset)	\$ 5,869,356	\$ (28,634)	\$ (4,851,810)

h. Pension Plan Fiduciary Net Position:

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



**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**11. Risk Management:**

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

**Employee Health Insurance:**

Mitchell Technical College as a part of the Mitchell School District No. 17-2 joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The Department pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes a \$2,000,000 lifetime maximum payment per person.

The Department 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:**

Mitchell Technical College as a part of the Mitchell School District No. 17-2 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.

**Workers' Compensation:**

Mitchell Technical College as a part of the Mitchell School District No. 17-2 participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of workers' compensation coverage, to obtain lower costs for that coverage and to develop a comprehensive loss control program. The Department's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any workers' compensation claims. The Department pays an annual premium to provide workers' compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The Department may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to an additional \$1,000,000 per individual per incident.

**Mitchell Technical College**  
Notes to Financial Statements  
June 30, 2024

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**11. Risk Management: (Continued)**

The Department does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

Mitchell Technical College as a part of the Mitchell School District No. 17-2 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 for unemployment benefits were paid. At June 30, 2024, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

**12. Early Retirement Plan:**

The Department has an agreement which provides for an early retirement cash benefit in an amount not to exceed the retiree's highest salary while employed by the Department to certificated teachers and administrative personnel hired before September 1, 2001, who retire after having met certain age and length-of-service requirements. To collect these benefits, notification must be given no later than March 15 of the year in which such retirement will occur. Currently, one retiree is receiving benefits under this provision. The benefit is paid in monthly installments. The early retirement benefits are funded from the applicable fund on a pay-as-you-go basis and are recorded as a liability in the government-wide financial statements at the time an employee elect's early retirement. Benefits paid for the year ended June 20, 2024, were \$5,357.

## **Required Supplementary Information**

**Mitchell Technical College**  
 Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) – Post-High Fund  
 For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Revenue from Local Sources:				
Post Secondary Program Tuition and Fees:				
Post secondary program tuition	\$ 3,698,300	\$ 3,698,300	\$ 3,394,263	\$ (304,037)
Post secondary student fees	136,400	136,400	690,413	554,013
Earnings on investments and deposits	180,000	300,000	51,647	(248,353)
Post Secondary:				
Resales/services - occupational programs	740,000	740,000	221,733	(518,267)
State fees	198,300	198,300	184,376	(13,924)
Corporate education fees	125,000	125,000	121,936	(3,064)
Local fees	2,700,155	2,700,155	2,530,610	(169,545)
Other Revenue from Local Sources:				
Rentals	92,640	92,640	88,640	(4,000)
Contributions and donations	--	--	780,091	780,091
Refund of prior years' expenditures	--	11,750	11,762	12
Judgements	--	18,000	19,929	1,929
Other	871,476	908,976	341,896	(567,080)
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	6,679,652	6,679,652	6,869,070	189,418
Other State Revenue	6,691,897	7,262,897	7,979,031	716,134
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	435,808	630,808	631,018	210
Other Federal Revenue	127,748	165,748	147,610	(18,138)
Total Revenues	<u>\$ 22,677,376</u>	<u>\$ 23,668,626</u>	<u>\$ 24,064,025</u>	<u>\$ 395,399</u>

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

**Mitchell Technical College**  
 Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) – Post-High Fund  
 For the Year Ended June 30, 2024 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Instruction:				
Post Secondary Occupational Programs	\$ 8,165,129	\$ 8,287,159	\$ 7,902,626	\$ 384,533
Support Services:				
Students:				
Guidance	5,902,115	6,195,615	5,951,563	244,052
General Administration:				
Executive administration	--	35,750	47,390	(11,640)
School Administration:				
Vocational school - director's office	342,697	342,697	267,297	75,400
Financial aids administration	255,477	255,477	190,800	64,677
Other	316,294	529,014	684,118	(155,104)
Business:				
Fiscal services	583,237	638,237	554,498	83,739
Facilities and acquisition and construction	8,750,000	8,750,000	8,456,070	293,930
Operation and maintenance of plant	2,772,756	2,797,006	2,690,125	106,881
Central:				
Planning	64,906	64,906	75,110	(10,204)
Data processing	601,568	849,568	727,875	121,693
Resale Services:				
Post secondary resales/service	780,000	780,000	370,950	409,050
Debt Services	154,875	154,875	154,875	--
Cocurricular Activities:				
Combined activities	88,500	88,500	91,245	(2,745)
Total Expenditures	<u>28,777,554</u>	<u>29,768,804</u>	<u>28,164,542</u>	<u>1,604,262</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(6,100,178)</u>	<u>(6,100,178)</u>	<u>(4,100,517)</u>	<u>1,999,661</u>
Other Financing Sources (Uses)				
Transfers in	--	--	4,427,482	4,427,482
Transfers out	(90,789)	(90,789)	(840,789)	(750,000)
General long-term debt issued	300,000	300,000	355,000	55,000
Sale of surplus property	10,000	10,000	759,319	749,319
Total Other Financing Sources (Uses)	<u>219,211</u>	<u>219,211</u>	<u>4,701,012</u>	<u>4,481,801</u>
Net Change in Fund Balance	(5,880,967)	(5,880,967)	600,495	6,481,462
<b>Fund Balance, Beginning of Year</b>	5,864,257	5,864,257	5,864,257	--
<b>Fund Balance, End of Year</b>	<u>\$ (16,710)</u>	<u>\$ (16,710)</u>	<u>\$ 6,464,752</u>	<u>\$ 6,481,462</u>

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

## Mitchell Technical College

### Notes to Required Supplementary Information – Budgetary Comparison Schedule For the Year Ended June 30, 2024

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#### 1. Budgets and Budgetary Accounting:

Mitchell Technical College followed these procedures in establishing the budgetary data reflected in the schedule:

- 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 item h.
- g) A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total Department budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h) If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when monies 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 Post-High Fund and special revenue funds.

#### 2. US GAAP/Budgetary Accounting Basis Differences:

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

**Mitchell Technical College**  
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and  
Schedule of the Employer Contributions  
South Dakota Retirement System

Measurement Date	MTC's Proportion (Percentage) of the Net Pension Liability (Asset)	MTC's Proportionate Share (Amount) of the Net Pension Liability (Asset)	MTC's Covered Payroll	MTC's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
6/30/2024	0.31%	\$ (28,634)	\$ 7,639,909	-0.37%	100.10%
6/30/2023	0.30%	\$ (28,342)	\$ 7,377,983	-0.38%	100.10%
6/30/2022	0.32%	\$ (2,452,119)	\$ 6,869,985	-35.69%	105.52%
6/30/2021	0.30%	\$ (13,306)	\$ 7,058,577	-0.19%	100.04%
6/30/2020	0.26%	\$ (26,957)	\$ 5,350,471	-0.50%	100.09%
6/30/2019	0.26%	\$ (6,087)	\$ 4,183,927	-0.15%	100.02%
6/30/2018	0.21%	\$ (18,690)	\$ 5,313,337	-0.35%	100.10%
6/30/2017	0.24%	\$ 812,349	\$ 5,080,800	15.99%	96.89%
6/30/2016	0.28%	\$ (1,180,193)	\$ 4,015,770	-29.39%	104.10%
6/30/2015	0.22%	\$ (1,579,992)	\$ 4,612,377	-34.26%	107.29%

Fiscal Year Ending	Contractually Required Contribution	Contributions in relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2024	\$ 517,091	\$ 517,091	\$ --	\$ 8,617,992	6.00%
6/30/2023	\$ 458,149	\$ 458,149	\$ --	\$ 7,639,909	6.00%
6/30/2022	\$ 442,681	\$ 442,681	\$ --	\$ 7,377,983	6.00%
6/30/2021	\$ 412,199	\$ 412,199	\$ --	\$ 6,869,985	6.00%
6/30/2020	\$ 423,516	\$ 423,516	\$ --	\$ 7,058,577	6.00%
6/30/2019	\$ 321,028	\$ 321,028	\$ --	\$ 5,350,471	6.00%
6/30/2018	\$ 251,036	\$ 251,036	\$ --	\$ 4,183,927	6.00%
6/30/2017	\$ 318,800	\$ 318,800	\$ --	\$ 5,313,337	6.00%
6/30/2016	\$ 304,848	\$ 304,848	\$ --	\$ 5,080,800	6.00%
6/30/2015	\$ 240,946	\$ 240,946	\$ --	\$ 4,015,770	6.00%

**Mitchell Technical College**  
Notes to Required Supplementary Information – Schedule of the Proportionate  
Share of the Net Pension Asset and Schedule of Pension Contributions  
South Dakota Retirement System

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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.



## Supplementary Information

**Mitchell Technical College**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Direct Federal Funding			
Pass through the Board of Regents of the University of Nebraska:			
Agriculture and Food Research Initiative	10.310	N/A	\$ 82,685
Pass through the Board of Regents of the University of Nebraska:			
Farm Business Management and Benchmarking Competitive Grants Program	10.319	N/A	64,924
Total U.S. Department of Agriculture			147,609
U.S. Department of Education:			
Direct Federal Funding:			
Student Financial Assistance Programs Cluster:			
Federal Supplemental Educational Opportunity			
Grant Program (FSEOG)	84.007	N/A	65,120
Direct Loan Program (DLP) (Note 3)	84.268	N/A	2,867,710
Federal Work Study (FWS)	84.033	N/A	26,075
Federal Pell Grant Program (PELL)	84.063	N/A	1,993,941
Total Student Financial Assistance Programs Cluster			4,952,846
Vocational Education - Basic Grants to States	84.048	N/A	4,465
Pass through the S.D. Department of Education:			
Vocational Education - Basic Grants to States	84.048	2023G-077	626,553
			626,553
Total U.S. Department of Education			5,583,864
Grand total			\$ 5,731,473

**Mitchell Technical College**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024 (Continued)

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**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Mitchell Technical College a Department of the Mitchell School District No. 17-2 under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Mitchell Technical College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Mitchell Technical College.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Department does not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3: Federal Loan Guarantee Programs**

Loans guaranteed under federal guarantee loan programs and issued to parents of eligible students or eligible students attending this vocational technical school had the following values:

Direct Student Loans	\$ 1,023,874
Unsubsidized Direct Student Loans	\$ 1,520,706
PLUS Program Loans	\$ 323,130

A private nonprofit corporation acts as the guarantee agency in the State of South Dakota.