

West Central School District No. 49-7

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

**For the Year Ended
June 30, 2023**

West Central School District No. 49-7

School District Officials

June 30, 2023

Board Members

Alison McGillivray----- Board President

Alexia Klinkhammer -----Vice President

Kim Lanham ----- Member

Justin Eich----- Member

Amanda Kayser ----- Member

Daniel Hoey-----Superintendent

Krista Stuessi -----Business Manager

West Central School District No. 49-7

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

School Board
West Central School District No. 49-7
Minnehaha County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Central School District No. 49-7, South Dakota (School District), as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated January 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Elk Point, South Dakota
January 18, 2024



**Independent Auditor’s Report on Compliance for each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

School Board
West Central School District No. 49-7
Minnehaha County, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the West Central School District No. 49-7, South Dakota (School District), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal programs for the year ended June 30, 2023. The School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs.

In our opinion, the West Central School District No. 49-7 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.



Elk Point, South Dakota
January 18, 2024

West Central School District No. 49-7
 Schedule of Prior and Current Audit Findings and Questioned Costs
 Year Ended June 30, 2023

Schedule of Prior Audit Findings

The prior audit report contained no written audit comments.

Schedule of Current Audit Findings

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: _____ Yes X None reported

Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? _____ Yes X None reported

Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a). _____ Yes X No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555, 10.553	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

There are no findings which are required to be reported in accordance with Government Auditing Standards.

Section III - Federal Award Findings and Questioned Costs

There are no finding or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.156(a).



Independent Auditor's Report

School Board
West Central School District No. 49-7
Minnehaha County, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Central School District No. 49-7, South Dakota (School District), as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Central School District No. 49-7 as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District Contributions, and the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and Schedule of Changes in Total OPEB Liability 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 18, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.



Elk Point, South Dakota
January 18, 2024

West Central School District No. 49-7
Management's Discussion and Analysis (MD&A)
June 30, 2023

We are pleased to submit to you the accompanying financial statements for the West Central School District No. 49-7 as of and for the fiscal year ending June 30, 2023. These statements have been prepared in accordance with the standards as established by the Governmental Accounting Standards Board.

This section of the West Central School District 49-7's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended on June 30, 2023. Please read it in conjunction with the School District's financial statements, which follow this section.

Financial Highlights

- The School District's net position from governmental and business-type related activities for the fiscal year ended June 30, 2023, was \$22,764,610.
- Total Government-Wide revenues generated from taxes, state aid, grants, and miscellaneous income of \$17,410,397 exceeded the Government-Wide expenditures of \$16,057,947 by \$1,352,450.
- Government-Wide revenues decreased by \$105,475 or 0.56% from fiscal year 2022.
- Government-Wide expenditures increased by \$1,313,008 or 8.32% from fiscal year 2022.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District government, reporting the School District's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses.
 - Fiduciary fund statements provide information about the financial relationships – like scholarship plans for graduating students – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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

West Central School District No. 49-7
Management's Discussion and Analysis (MD&A)
June 30, 2023

Figure A-1

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

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

West Central School District No. 49-7
Management's Discussion and Analysis (MD&A)
June 30, 2023

Government-Wide Statements

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

The two government-wide statements report the School District's net position and how they have changed. Net position – the differences between the School District's assets/deferred outflows and liabilities/deferred inflows – are one way to measure the School District's financial health or position.

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

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

- **Governmental Activities** – This category includes the School District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** – The School District maintains two business-type activities. The Food Service fund charges a fee to students to help cover the costs of providing hot lunch services to all students. The Community Activities Fund program (KARE and Community Education) charges fees to parents for the cost of after school care and summer care of students.

Fund Financial Statements

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

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

West Central School District No. 49-7
Management's Discussion and Analysis (MD&A)
June 30, 2023

The School District has three kinds of funds:

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

West Central School District No. 49-7
Management's Discussion and Analysis (MD&A)
June 30, 2023

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage
	2022	2023	2022	2023	2022	2023	Change 2022 - 2023
Current and Other Assets	\$ 11,209,825	\$ 22,353,928	\$ 914,498	\$ 932,778	\$ 12,124,323	\$ 23,286,706	92.07%
Net Pension Assets	2,689,292	30,875	--	--	2,689,292	30,875	-98.85%
Capital Assets (Net of Depreciation)	20,348,624	21,879,389	112,545	198,589	20,461,169	22,077,978	7.90%
Total Assets	34,247,741	44,264,192	1,027,043	1,131,367	35,274,784	45,395,559	28.69%
Pension Related Deferred Outflows	3,669,781	3,126,466	--	--	3,669,781	3,126,466	-14.81%
Deferred Charge on Refunding	203,208	168,335	--	--	203,208	168,335	-17.16%
OPEB Related Deferred Outflows	173,562	151,151	--	--	173,562	151,151	-12.91%
Total Deferred Outflows of Resources	4,046,551	3,445,952	--	--	4,046,551	3,445,952	-14.84%
Long-Term Liabilities Outstanding	7,819,666	19,181,614	--	--	7,819,666	19,181,614	145.30%
Other Liabilities	1,488,958	1,182,059	48,572	95,469	1,537,530	1,277,528	-16.91%
Total Liabilities	9,308,624	20,363,673	48,572	95,469	9,357,196	20,459,142	118.65%
Taxes levied for a future period	3,053,367	3,454,424	--	--	3,053,367	3,454,424	13.13%
OPEB Related Deferred Inflows	356,413	367,633	--	--	356,413	367,633	3.15%
Pension Related Deferred Inflows	5,202,929	1,795,702	--	--	5,202,929	1,795,702	-65.49%
Total Deferred Inflows of Resources	8,612,709	5,617,759	--	--	8,612,709	5,617,759	-34.77%
Net Position							
Net Investment in Capital Assets	13,398,845	14,806,408	112,545	198,589	13,511,390	15,004,997	11.05%
Restricted	4,033,431	4,268,171	--	--	4,033,431	4,268,171	5.82%
Unrestricted	2,940,683	2,654,133	865,926	837,309	3,806,609	3,491,442	-8.28%
Total Net Position	20,372,959	21,728,712	978,471	1,035,898	21,351,430	22,764,610	6.62%
Beginning Net Position	17,843,800	20,372,959	675,967	978,471	18,519,767	21,351,430	15.29%
Increase (Decrease) in Net Position	\$ 2,529,159	\$ 1,355,753	\$ 302,504	\$ 57,427	\$ 2,831,663	\$ 1,413,180	-50.09%
Percentage of Increase (Decrease) in Net Position	14.17%	6.65%	44.75%	5.87%	15.29%	6.62%	

The District's combined net position of approximately \$22.7 million is approximately \$1.4 million or 6.62% more than on June 30, 2022. Most of the increase is due to the increase in revenue from charges for services.

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

West Central School District No. 49-7
Management's Discussion and Analysis (MD&A)
June 30, 2023

The District's combined Net Position in Governmental Activities as of June 30, 2023 increased by \$1,413,180 or 50.09% over the previous year. Unrestricted net position are the part of the net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Restricted net position is restricted in their usage either through the nature of the fund or through legal requirements. The Net Position sub account entitled Net Investment in Capital Assets which is a combination of additions to capital assets, depreciation reductions, and the payment of principal on existing debt issues.

Changes in Net Position

The district's total revenues (excluding transfers) totaled \$18,514,236 (See Table A-4). This was approximately a 0.57% decrease. Approximately 43% of the district's revenue comes from property and other taxes, with another 40% from state aid. (See Table A-2.)

Table A-2
WEST CENTRAL SCHOOL DISTRICT NO. 49-7
Sources of Revenues
Fiscal Year 2022 - 2023

Taxes	\$ 8,020,869	43.32%
State Sources	7,349,587	39.70%
Operating And Capital Grants & Contributions	1,376,878	7.44%
Charges for Services	1,130,101	6.10%
Other Revenues	400,155	2.16%
Unrestricted Investment Earnings	<u>236,646</u>	<u>1.28%</u>
Total Revenue	<u>\$ 18,514,236</u>	<u>100.00%</u>

Total cost of all programs and services increased by approximately 8.32%. The district's expenses totaled \$17,101,056 (See Table A-4). The School's expenses cover a range of services, encompassing instruction, support services, food service, interest on long term debt, co-curricular activities, nonprogrammed charges, and drivers education/ACT prep. (See Table A-3.)

Table A-3
WEST CENTRAL SCHOOL DISTRICT NO. 49-7
Statement of Expenditures
Fiscal Year 2022 - 2023

Instruction	\$ 7,974,995	46.63%
Support Services	6,743,570	39.43%
Food Service	987,878	5.78%
Interest - on Long-Term Debt	495,684	2.90%
Cocurricular Activities	843,698	4.93%
Drivers Education/ACT Prep	<u>55,231</u>	<u>0.33%</u>
Total Expenditures	<u>\$ 17,101,056</u>	<u>100.00%</u>

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Governmental and Business-Type Activities

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

Table A-4
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2022	2023	2022	2023	2022	2023	2022 - 2023
Revenues							
Program Revenues							
Charges for Services	\$ 954,158	\$ 439,270	\$ 221,292	\$ 690,831	\$ 1,175,450	\$ 1,130,101	-3.86%
Operating Grants and Contributions	1,232,339	980,096	1,093,896	396,782	2,326,235	1,376,878	-40.81%
General Revenues							
Taxes	7,565,673	8,020,869	--	--	7,565,673	8,020,869	6.02%
Revenue State Sources	6,896,575	7,349,587	--	--	6,896,575	7,349,587	6.57%
Unrestricted Investment Earnings	30,233	220,420	3,762	16,226	33,995	236,646	596.12%
Other General Revenues	621,783	400,155	--	--	621,783	400,155	-35.64%
Total Revenues	<u>17,300,761</u>	<u>17,410,397</u>	<u>1,318,950</u>	<u>1,103,839</u>	<u>18,619,711</u>	<u>18,514,236</u>	-0.57%
Expenses							
Instruction	8,346,089	7,974,995	--	--	8,346,089	7,974,995	-4.45%
Support Services	5,545,169	6,743,570	--	--	5,545,169	6,743,570	21.61%
Nonprogrammed Charges	1,145	--	--	--	1,145	--	-100.00%
Interest on Long Term Debt	222,238	495,684	--	--	222,238	495,684	123.04%
Cocurricular Activities	656,961	843,698	--	--	656,961	843,698	28.42%
Food Service	--	--	938,950	987,878	938,950	987,878	5.21%
Other Enterprise Activity	--	--	77,496	55,231	77,496	55,231	-28.73%
Total Expenses	<u>14,771,602</u>	<u>16,057,947</u>	<u>1,016,446</u>	<u>1,043,109</u>	<u>15,788,048</u>	<u>17,101,056</u>	8.32%
Excess (Deficiency) Before Transfers	2,529,159	1,352,450	302,504	60,730	2,831,663	1,413,180	-50.09%
Transfers	--	3,303	--	(3,303)	--	--	0.00%
Increase (Decrease) in Net Position	2,529,159	1,355,753	302,504	57,427	2,831,663	1,413,180	-50.09%
Beginning Net Position	<u>17,843,800</u>	<u>20,372,959</u>	<u>675,967</u>	<u>978,471</u>	<u>18,519,767</u>	<u>21,351,430</u>	15.29%
Ending Net Position	<u>\$ 20,372,959</u>	<u>\$ 21,728,712</u>	<u>\$ 978,471</u>	<u>\$ 1,035,898</u>	<u>\$ 21,351,430</u>	<u>\$ 22,764,610</u>	6.62%

Governmental Activities

Revenues increased by 0.63% due to an increase in unrestricted investment earnings. Expenses increased by 8.71%. The overall net position of the School District's governmental activities increased by \$1,355,753 from FY22.

Business-Type Activities

Revenues decreased by 16.31% due to a decrease in charges for services and operating grants. Expenses increased by 2.62%. The overall net position of the School District's business-type activities increased by \$57,427 from FY22.

West Central School District No. 49-7
Management's Discussion and Analysis (MD&A)
June 30, 2023

Financial Analysis of the School's Funds

The financial analysis of the School District's funds mirror those highlighted in the analysis of governmental and business-type activities presented above.

General Fund Budgetary Highlights

Over the course of the year, the School Board supplemented the budget for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.

Capital Asset Administration

By the end of FY 2023, the School District had invested \$22,077,976 (net of depreciation) in a broad range of capital assets, including, land, construction in progress, buildings, improvements, various machinery and equipment. (See Table A-5.) This amount represents a net increase (including additions, deductions, adjustments, and accumulated depreciation) of \$1,616,808 over the last year.

Table A-5
WEST CENTRAL SCHOOL DISTRICT NO. 49-7 - CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2022	2023	2022	2023	2022 - 2023	2022 - 2023
Land	\$ 325,172	\$ 325,172	\$ --	\$ --	\$ --	0.00%
Construction in progress	1,328,154	3,233,989	--	--	1,905,835	143.50%
Buildings	16,618,150	16,672,921	--	--	54,771	0.33%
Improvements other than Building	691,120	647,393	--	--	(43,727)	-6.33%
Machinery and equipment	1,386,028	999,914	112,544	198,589	(300,069)	-20.02%
Total Capital Assets (Net)	<u>\$ 20,348,624</u>	<u>\$ 21,879,389</u>	<u>\$ 112,544</u>	<u>\$ 198,589</u>	<u>\$ 1,616,810</u>	7.90%

This year's addition of assets includes construction work-in-process on the videoboard, HVAC, soccer concessions, and High School and Middle School Building improvements, 2 busses, a floor scrubber, a trailer, a PA system, an ice maker, a dishwasher, and 2 ovens.

West Central School District No. 49-7
Management’s Discussion and Analysis (MD&A)
June 30, 2023

Long-Term Debt

At year-end, the School District had \$19,181,614 in general long-term obligations. See individual balances as shown on Table A-6 below.

Table A-6
WEST CENTRAL SCHOOL DISTRICT NO. 49-7 - Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total Percentage Change
	2022	2023	2022 - 2023	2022 - 2023
General Obligation bonds	\$ 3,645,000	\$ 2,985,000	\$ (660,000)	-18.11%
Premiums	285,609	228,487	(57,122)	-20.00%
Capital outlay certificates	3,015,000	14,465,000	11,450,000	379.77%
Premiums	207,378	898,716	691,338	333.37%
Compensated Absences	17,438	24,249	6,811	39.06%
Other Post Employment Benefits	649,241	580,162	(69,079)	-10.64%
Total Outstanding Debt and Obligations	<u>\$ 7,819,666</u>	<u>\$ 19,181,614</u>	<u>\$ 11,361,948</u>	<u>145.30%</u>

Economic Factors and Next Year’s Budgets and Rates

The School District’s current economic position has shown growth in the form of property valuation. Property valuation allows the School District the ability to increase the amount of revenue generated from property taxes, however the total amount which can be levied is limited by the State of South Dakota within the General Fund and Capital Outlay Fund. One of the primary sources of revenue to the School District is through a funding formula from the State of South Dakota.

Contacting the School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional information, contact the West Central School District’s Business Office, PO Box 730, 705 East Second Street, Hartford, SD 57033.

West Central School District No. 49-7
Statement of Net Position – Government-Wide
June 30, 2023

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and cash equivalents	\$ 18,002,790	\$ 898,431	\$ 18,901,221
Taxes receivable	3,527,976	--	3,527,976
Inventories	48,246	24,626	72,872
Other assets	774,916	9,721	784,637
Restricted assets:			
Net pension asset	30,875	--	30,875
Capital assets:			
Land and construction in progress	3,559,161	--	3,559,161
Other capital assets, net of depreciation	18,320,228	198,589	18,518,817
Total Assets	44,264,192	1,131,367	45,395,559
Deferred outflows of Resources:			
OPEB related deferred outflows	151,151	--	151,151
Deferred charge on refunding	168,335	--	168,335
Pension related deferred outflows	3,126,466	--	3,126,466
Total Deferred Outflows of Resources:	3,445,952	--	3,445,952
Liabilities:			
Accounts payable	37,204	418	37,622
Accrued wages and benefits payable	1,144,855	8,837	1,153,692
Unearned revenue	--	86,214	86,214
Noncurrent liabilities:			
Due within one year	1,307,366	--	1,307,366
Due in more than one year	17,874,248	--	17,874,248
Total Liabilities	20,363,673	95,469	20,459,142
Deferred Inflows of Resources:			
Taxes levied for a future period	3,454,424	--	3,454,424
Pension related deferred inflows	1,795,702	--	1,795,702
OPEB deferred inflows of resources	367,633	--	367,633
Total Deferred Inflows of Resources:	5,617,759	--	5,617,759
Net Position:			
Net investment in capital assets	14,806,408	198,589	15,004,997
Restricted for:			
Capital outlay	2,061,239	--	2,061,239
Special education	300,127	--	300,127
Debt services	545,166	--	545,166
SDRS pension purposes	1,361,639	--	1,361,639
Unrestricted	2,654,133	837,309	3,491,442
Total Net Position	\$ 21,728,712	\$ 1,035,898	\$ 22,764,610

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
Statement of Activities – Government-Wide
For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges For Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instruction	\$ 7,955,297	\$ 93,125	\$ 980,096	\$ (6,882,076)	\$ --	\$ (6,882,076)
Support services	6,743,570	138,837	--	(6,604,733)	--	(6,604,733)
Interest - on long-term debt*	495,684	--	--	(495,684)	--	(495,684)
Unallocated depreciation	19,698	--	--	(19,698)	--	(19,698)
Cocurricular activities	843,698	207,308	--	(636,390)	--	(636,390)
Total Governmental Activities	16,057,947	439,270	980,096	(14,638,581)	--	(14,638,581)
Business-Type Activities:						
Food service	987,878	606,958	396,782	--	15,862	15,862
Other enterprise	55,231	83,873	--	--	28,642	28,642
Total Business-Type Activities	1,043,109	690,831	396,782	--	44,504	44,504
Total Primary Government	\$ 17,101,056	\$ 1,130,101	\$ 1,376,878	(14,638,581)	44,504	(14,594,077)
General Revenues:						
Taxes:						
				7,674,573	--	7,674,573
				346,296	--	346,296
Revenue from State Sources:						
				7,349,587	--	7,349,587
				220,420	16,226	236,646
				400,155	--	400,155
				3,303	(3,303)	--
				15,994,334	12,923	16,007,257
				1,355,753	57,427	1,413,180
				20,372,959	978,471	21,351,430
				\$ 21,728,712	\$ 1,035,898	\$ 22,764,610

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

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7

Balance Sheet – Governmental Funds

June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Capital Projects Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 3,765,924	\$ 2,026,586	\$ 337,786	\$ 533,565	\$ 11,338,929	\$ 18,002,790
Taxes receivable--current	1,472,255	1,024,852	627,063	330,254	--	3,454,424
Taxes receivable--delinquent	36,229	19,127	11,693	6,503	--	73,552
Accounts receivable	2,360	--	--	--	--	2,360
Due from other government	609,144	15,526	141,733	5,098	--	771,501
Prepaid expense	1,055	--	--	--	--	1,055
Inventory	48,246	--	--	--	--	48,246
Total Assets	<u>\$ 5,935,213</u>	<u>\$ 3,086,091</u>	<u>\$ 1,118,275</u>	<u>\$ 875,420</u>	<u>\$ 11,338,929</u>	<u>\$ 22,353,928</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 14,970	\$ --	\$ 19,192	\$ --	\$ 3,042	\$ 37,204
Contracts payable	788,897	--	34,716	--	--	823,613
Payroll deductions and withholding and employer matching payable	184,065	--	137,177	--	--	321,242
Total Liabilities	<u>987,932</u>	<u>--</u>	<u>191,085</u>	<u>--</u>	<u>3,042</u>	<u>1,182,059</u>
Deferred Inflows of Resources:						
Unavailable Revenue-Property Taxes	1,472,255	1,024,852	627,063	330,254	--	3,454,424
Property taxes levied for future period	36,229	19,127	11,693	6,503	--	73,552
Total Deferred Inflows of Resources	<u>1,508,484</u>	<u>1,043,979</u>	<u>638,756</u>	<u>336,757</u>	<u>--</u>	<u>3,527,976</u>
Fund Balances:						
Nonspendable						
Inventory	48,246	--	--	--	--	48,246
Prepays	1,055	--	--	--	--	1,055
Restricted						
Capital outlay	--	2,042,112	--	--	--	2,042,112
Special education	--	--	288,434	--	--	288,434
Debt service	--	--	--	538,663	--	538,663
Capital projects	--	--	--	--	11,335,887	11,335,887
Unassigned	3,389,496	--	--	--	--	3,389,496
Total Fund Balances	<u>3,438,797</u>	<u>2,042,112</u>	<u>288,434</u>	<u>538,663</u>	<u>11,335,887</u>	<u>17,643,893</u>
Total Liabilities and Fund Balances	<u>\$ 5,935,213</u>	<u>\$ 3,086,091</u>	<u>\$ 1,118,275</u>	<u>\$ 875,420</u>	<u>\$ 11,338,929</u>	<u>\$ 22,353,928</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
 Reconciliation of the Governmental Funds Balance Sheet to the
 Statement of Net Position – Governmental Funds
 June 30, 2023

Total Fund Balances - Governmental Funds \$ 17,643,893

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

Net pension (asset) reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 30,875

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 21,879,389

Pension & OPEB related deferred outflows are components of related assets and therefore are not reported in the funds. 3,277,617

Pension & OPEB related deferred inflows are components of related liabilities and therefore are not reported in the funds. (2,163,335)

Delinquent taxes receivable not available to pay current year expenditures are deferred in the funds. 73,552

Long-term liabilities, including bonds payable, other post employment benefits, and accrued vacation are not due and payable in the current period and therefore are not reported in the funds. (19,181,614)

Deferred losses on refunding are reported as expenditures in the governmental funds; however, they are deferred on the Statement of Net Position and amortized over the life of the new or old debt, whichever is shorter. 168,335

Net Position-Governmental Funds \$ 21,728,712

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues:						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 3,152,943	\$ 2,279,975	\$ 1,393,723	\$ 747,965	\$ --	\$ 7,574,606
Prior years' ad valorem taxes	32,184	21,889	13,524	7,151	--	74,748
Utility taxes	346,296	--	--	--	--	346,296
Penalties and interest on taxes	7,905	4,099	2,487	1,378	--	15,869
Tuition and fees:						
Regular day school tuition	30,298	--	--	--	--	30,298
Earnings on Investments and Deposits	57,840	68,224	5,101	870	88,385	220,420
Cocurricular Activities:						
Admissions	81,557	--	--	--	--	81,557
Rentals	2,049	--	--	--	--	2,049
Other student activity income	123,702	--	--	--	--	123,702
Other Revenue from Local Sources:						
Rentals	1,005	--	--	--	--	1,005
Contributions and donations	29,948	78,998	1,000	--	--	109,946
Charges for services	9,468	--	45,559	--	--	55,027
Day care services	7,800	--	--	--	--	7,800
Other	51,801	198,476	146	--	--	250,423
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	37,003	--	--	--	--	37,003
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	6,306,014	--	634,592	--	--	6,940,606
Restricted grants-in-aid	1,733	--	--	--	--	1,733
Tuition:						
Regular	407,248	--	--	--	--	407,248
Revenue from Federal Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid received from federal government through intermediate	4,956	4,372	2,728	1,294	--	13,350
Restricted grants-in-aid received from federal government through the state	477,510	157,437	331,799	--	--	966,746
Total Revenues	<u>\$ 11,169,260</u>	<u>\$ 2,813,470</u>	<u>\$ 2,430,659</u>	<u>\$ 758,658</u>	<u>\$ 88,385</u>	<u>\$ 17,260,432</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2023 (Continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Capital Projects Fund	Total Governmental Funds
Expenditures:						
Instruction:						
Regular Programs:						
Elementary	\$ 2,438,045	\$ 15,299	\$ --	\$ --	\$ --	\$ 2,453,344
Middle/junior high	1,161,681	4,732	--	--	--	1,166,413
High school	1,642,397	11,594	--	--	--	1,653,991
Special Programs:						
Programs for special education	--	--	1,853,152	--	--	1,853,152
Culturally different	32,568	--	--	--	--	32,568
Educationally deprived	438,979	--	--	--	--	438,979
Other	121,570	--	--	--	--	121,570
Support Services:						
Students:						
Attendance and social work	63,138	--	--	--	--	63,138
Guidance	285,435	--	--	--	--	285,435
Health	110,277	1,549	40,224	--	--	152,050
Psychological	--	--	88,118	--	--	88,118
Speech pathology	--	--	238,784	--	--	238,784
Student therapy services	--	--	85,995	--	--	85,995
Instructional Staff:						
Improvement of instruction	136,862	--	1,111	--	--	137,973
Educational media	585,501	21,169	--	--	--	606,670
General Administration:						
Board of education	109,485	--	--	--	--	109,485
Executive administration	244,037	--	--	--	--	244,037
School Administration:						
Office of the principal	674,316	--	--	--	--	674,316
Other	199,719	--	--	--	--	199,719
Business:						
Fiscal services	284,469	--	--	--	--	284,469
Facilities acquisition and construction	--	220,312	--	--	--	220,312
Operation and maintenance of plant	2,047,734	12,059	--	--	--	2,059,793
Student transportation	548,626	96,204	--	--	--	644,830
Special Education:						
Administration	--	--	146,228	--	--	146,228
Transportation	--	--	141,689	--	--	141,689

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2023 (Continued)

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Expenditures:						
Debt Services	--	905,549	--	760,050	--	1,665,599
Cocurricular Activities:						
Male activities	90,032	35,070	--	--	--	125,102
Female activities	116,729	17,441	--	--	--	134,170
Transportation	38,695	--	--	--	--	38,695
Combined activities	260,987	63,586	--	--	--	324,573
Capital Outlay	--	1,324,413	--	--	1,138,312	2,462,725
Total Expenditures	<u>11,631,282</u>	<u>2,728,977</u>	<u>2,595,301</u>	<u>760,050</u>	<u>1,138,312</u>	<u>18,853,922</u>
Excess of Revenue Over (Under) Expenditures	<u>(462,022)</u>	<u>84,493</u>	<u>(164,642)</u>	<u>(1,392)</u>	<u>(1,049,927)</u>	<u>(1,593,490)</u>
Other Financing Sources (Uses):						
Transfers in	61,918	--	--	--	12,385,814	12,447,732
Transfers out	--	(12,439,328)	(5,101)	--	--	(12,444,429)
Long term debt issued	--	12,629,004	--	--	--	12,629,004
Sale of surplus property	--	1,778	--	--	--	1,778
Total Other Financing Sources (Uses)	<u>61,918</u>	<u>191,454</u>	<u>(5,101)</u>	<u>--</u>	<u>12,385,814</u>	<u>12,634,085</u>
Net Change in Fund Balances	(400,104)	275,947	(169,743)	(1,392)	11,335,887	11,040,595
Fund Balance - Beginning of Year	<u>3,838,901</u>	<u>1,766,165</u>	<u>458,177</u>	<u>540,055</u>	<u>--</u>	<u>6,603,298</u>
Fund Balance - End of Year	<u>\$ 3,438,797</u>	<u>\$ 2,042,112</u>	<u>\$ 288,434</u>	<u>\$ 538,663</u>	<u>\$ 11,335,887</u>	<u>\$ 17,643,893</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the
Statement of Activities – Governmental Funds
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 11,040,595
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	2,462,725
This amount represents the current year depreciation expense reported in the statement of activists which is not reported on the fund financial statements because it does not require the use of current financial resources.	(931,960)
Payment of the principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.	1,204,788
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.	(12,629,004)
In both the government-wide and the fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".	9,350
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	(6,811)
Changes in the pension and OPEB related deferred outflows/inflows are direct components of liabilities (asset) and are not reflected in the governmental funds.	240,943
When bonds are issued there can be a deferred outflow of resources. This deferred outflow resources consists of a loss on refunding which is amortized over the life of the bonds issued. The amount of amortization during the year is:	<u>(34,873)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,355,753</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
Statement of Net Position – Proprietary Fund
June 30, 2023

	Enterprise Funds		
	Food Service Fund	Other Enterprise Funds	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 694,260	\$ 204,171	\$ 898,431
Accounts receivable	7,336	--	7,336
Inventory of supplies	11,892	--	11,892
Inventory of stores purchased for resale	7,203	--	7,203
Inventory of donated food	5,531	--	5,531
Prepaid expenses	2,385	--	2,385
Total Current Assets	<u>728,607</u>	<u>204,171</u>	<u>932,778</u>
Capital Assets:			
Machinery and equipment	520,433	--	520,433
Accumulated depreciation	<u>(321,844)</u>	<u>--</u>	<u>(321,844)</u>
Capital Assets - Net	<u>198,589</u>	<u>--</u>	<u>198,589</u>
Total Assets	<u><u>\$ 927,196</u></u>	<u><u>\$ 204,171</u></u>	<u><u>\$ 1,131,367</u></u>
Liabilities and Net Position:			
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 418	\$ --	\$ 418
Contract payable	1,499	5,219	6,718
Payroll deductions and withholdings and employer matching payable	1,407	712	2,119
Unearned Revenue	86,214	--	86,214
Total Current Liabilities	<u>89,538</u>	<u>5,931</u>	<u>95,469</u>
Total Liabilities	<u>89,538</u>	<u>5,931</u>	<u>95,469</u>
Net Position:			
Net investment in capital assets	198,589	--	198,589
Unrestricted net position	639,069	198,240	837,309
Total Net Position	<u><u>\$ 837,658</u></u>	<u><u>\$ 198,240</u></u>	<u><u>\$ 1,035,898</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund For the Year Ended June 30, 2023

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Total
Operating Revenues:			
Sales:			
To students	\$ 475,425	\$ --	\$ 475,425
To adults	4,451	--	4,451
A la carte	109,753	--	109,753
Other	<u>17,329</u>	<u>83,873</u>	<u>101,202</u>
Total Operating Revenue	<u>606,958</u>	<u>83,873</u>	<u>690,831</u>
Operating Expenses:			
Salaries	386,361	34,012	420,373
Employee benefits	87,191	3,548	90,739
Purchased services	87,530	1,000	88,530
Other	17,151	16,671	33,822
Cost of sales - purchased food	297,735	--	297,735
Cost of sales - donated food	90,632	--	90,632
Depreciation - local funds	<u>20,295</u>	<u>--</u>	<u>20,295</u>
Total Operating Expenses	<u>986,895</u>	<u>55,231</u>	<u>1,042,126</u>
Operating Income (Loss)	<u>(379,937)</u>	<u>28,642</u>	<u>(351,295)</u>
Nonoperating Revenues:			
Local Sources:			
Investment earnings	12,923	3,303	16,226
Other local revenue	1,122	--	1,122
State Sources:			
Cash reimbursements	2,149	--	2,149
Federal Sources:			
Cash reimbursements	277,621	--	277,621
Donated food	93,171	--	93,171
Grants	<u>22,719</u>	<u>--</u>	<u>22,719</u>
Total Nonoperating Revenue	<u>409,705</u>	<u>3,303</u>	<u>413,008</u>
Nonoperating Expenses:			
Transfer out	--	(3,303)	(3,303)
Loss on disposal of capital assets	<u>983</u>	<u>--</u>	<u>983</u>
Total Nonoperating Expense	<u>983</u>	<u>(3,303)</u>	<u>(2,320)</u>
Change in Net Position	28,785	28,642	57,427
Net Position - Beginning of Year	<u>808,873</u>	<u>169,598</u>	<u>978,471</u>
Net Position - End of Year	<u>\$ 837,658</u>	<u>\$ 198,240</u>	<u>\$ 1,035,898</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2023

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 658,262	\$ 83,873	\$ 742,135
Cash payments to suppliers	(403,857)	(19,851)	(423,708)
Cash payments to employees	(474,866)	(37,995)	(512,861)
Net Cash (Used) by Operating Activities:	<u>(220,461)</u>	<u>26,027</u>	<u>(194,434)</u>
Cash Flows from Non-Capital Financing Activities:			
Other local revenues	1,122	--	1,122
Cash reimbursements - state	2,149	--	2,149
Cash reimbursements - federal	300,340	--	300,340
Net Cash Provided by Non-Capital Financing Activities	<u>303,611</u>	<u>--</u>	<u>303,611</u>
Cash Flows from Capital Financing Activities:			
Transfer out	--	(3,303)	(3,303)
Purchase of capital assets	(107,321)	--	(107,321)
Net Cash (Used) By Capital Financing Activities:	<u>(107,321)</u>	<u>(3,303)</u>	<u>(110,624)</u>
Cash Flows from Investing Activities:			
Interest earnings	12,923	3,303	16,226
Net Cash Flows from Investing Activities:	<u>12,923</u>	<u>3,303</u>	<u>16,226</u>
Net Increase in Cash and Cash Equivalents	(11,248)	26,027	14,779
Cash and Cash Equivalents, Beginning of Year	<u>705,508</u>	<u>178,144</u>	<u>883,652</u>
Cash and Cash Equivalents, End of Year	<u>\$ 694,260</u>	<u>\$ 204,171</u>	<u>\$ 898,431</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2023 (Continued)

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating Income (Loss)	\$ (379,937)	\$ 28,642	\$ (351,295)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	20,295	--	20,295
Noncash cost of sales - commodities	90,632	--	90,632
Change in Assets and Liabilities:			
Accounts receivable and Unearned Revenue	51,304	--	51,304
Inventories	682	--	682
Accounts and other payables	(2,123)	(2,180)	(4,303)
Accrued wages payable	(1,314)	(435)	(1,749)
Net Cash (Used) by Operating Activities	<u>\$ (220,461)</u>	<u>\$ 26,027</u>	<u>\$ (194,434)</u>
Noncash Investing, Capital, and Financing Activities:			
Value of commodities received	<u>\$ 93,171</u>	<u>\$ --</u>	<u>\$ 93,171</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
Statement of Net Position – Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 143,463
Total Assets	<u>\$ 143,463</u>
Liabilities:	
Total Liabilities	<u>\$ --</u>
Net Position:	
Restricted for:	
Flex Account	10,588
Student Activities	132,875
Total Net Position	<u>\$ 143,463</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2023

	Custodial Funds
Additions:	
Flex revenues	\$ 62,477
Collections for student activities	356,461
Total Additions	418,938
Deductions:	
Flex deductions	62,196
Payments for student activities	348,259
Total Deductions	410,455
Change in Net Position	8,483
Net Position - Beginning	134,980
Net Position - Ending	\$ 143,463

The accompanying Notes to Financial Statements are an integral part of these financial statements.

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies:

a. Financial Reporting Entity:

The reporting entity of West Central School District No. 49-7, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The School District participates in a cooperative service unit with several other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of their nature of their relationship with the School District.

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

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

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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

Capital Projects Funds – Capital Projects 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. This is a major fund.

Proprietary Funds:

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

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

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

The Other Enterprise Fund – A fund used to record financial transactions related to various other fees. This fund is financed by user charges. This is a major Fund.

Fiduciary Funds:

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

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

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the West Central School District No. 49-7, the length of that cycle is 60 days.

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

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

f. Capital Assets:

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

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

Government-Wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the 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.

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

The total June 30, 2023 balance of capital assets for governmental activities includes less than 1 percent for which the costs were determined by estimates of the original costs. The total June 30, 2023 balance of capital assets for business-type activities approximately less than 2 percent for which the values were determined by estimates of the original costs. These estimated original costs were established by deflated current replacement cost.

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 100	--	--
Buildings/Improvements	\$ 15,000	Straight-line	40-70 years
Machinery and equipment	\$ 5,000	Straight-line	10-20 years
Food Service Machinery and Equipment	\$ 5,000	Straight-line	12 years

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

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of compensated absences, other postemployment benefits, capital outlay certificates payable, and general obligation bonds payable.

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

h. Leases:

The School District recognizes lease liabilities with an initial, individual value of \$45,000 or more.

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

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

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

The School District monitors charges in circumstances that would require a remeasurement of its lease 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 leases liabilities are reported with long-term debt on the statement of net position.

i. Subscription-Based Information Technology Arrangements:

The School District recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

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

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

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

j. Program Revenues:

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

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

k. Deferred Inflows and Deferred Outflows of Resources:

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

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

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.

l. Proprietary Funds Revenue and Expense Classifications:

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

m. Cash and Cash Equivalents:

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

n. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

o. Application of Net Position:

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

p. Fund Balance Classification Policies and Procedures:

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

Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by School Board.

Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

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

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

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

q. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pension, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. School District contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

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

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

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

Investments – In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent. As of June 30, 2023, the only investments reported in the School District's financial statements consist of only certificates of deposit.

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

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

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

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

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

3. Receivables and Payables:

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

4. Inventory:

Inventory held for consumption is stated at cost.

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

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

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

5. Property Tax:

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

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

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

6. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2023 is as follows:

	Balance 6/30/2022	Increases	Decreases	Balance 6/30/2023
Primary Government:				
Land	\$ 325,172	\$ --	\$ --	\$ 325,172
Construction in progress	1,328,154	2,202,640	(296,805)	3,233,989
Total, not being depreciated/amortized	1,653,326	2,202,640	(296,805)	3,559,161
Capital assets, being depreciated/amortized:				
Buildings	26,857,414	66,805	--	26,924,219
Improvements other than buildings	2,059,232	--	--	2,059,232
Library Books	298,782	13,186	--	311,968
Machinery and equipment	3,789,640	476,899	(114,633)	4,151,906
Total, being depreciated/depreciated	33,005,068	556,890	(114,633)	33,447,325
Less accumulated depreciation/amortized for:				
Buildings	10,239,264	12,034	--	10,251,298
Improvements other than buildings	1,368,112	43,727	--	1,411,839
Library Books	145,383	15,598	--	160,981
Machinery and equipment	2,557,011	860,601	(114,633)	3,302,979
Total accumulated depreciation/amortization	14,309,770	931,960	(114,633)	15,127,097
Total capital assets, being depreciated/amortized, net	18,695,298	(375,070)	--	18,320,228
Governmental activity capital assets, net	\$ 20,348,624	\$ 1,827,570	\$ (296,805)	\$ 21,879,389

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 286,340
Support services	389,166
Co-curricular activities	221,158
Library	15,598
Unallocated	19,698
Total Depreciation/amortization Expense - Governmental Activities	\$ 931,960

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

6. Changes in Capital Assets: (Continued)

A summary of changes in capital assets for the fiscal year ended June 30, 2023 is as follows: (Continued)

	<u>Balance 6/30/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2023</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 438,913	\$ 107,321	\$ (25,801)	\$ 520,433
Total, being depreciated	<u>438,913</u>	<u>107,321</u>	<u>(25,801)</u>	<u>520,433</u>
Less accumulated depreciation for:				
Machinery and equipment	326,369	20,295	(24,820)	321,844
Total accumulated depreciation	<u>326,369</u>	<u>20,295</u>	<u>(24,820)</u>	<u>321,844</u>
Business-type activity capital assets, net	<u>\$ 112,544</u>	<u>\$ 87,026</u>	<u>\$ (981)</u>	<u>\$ 198,589</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 20,295</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 20,295</u>

Construction Work in Process as of June 30, 2023 is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended Through 6/30/2023</u>	<u>Committed</u>
HAEL Addition	\$ 3,000,000	\$ 1,140,552	\$ 1,859,448
HUEL HVAC	167,775	109,718	58,057
HS/MS Building Improvements	<u>1,180,224</u>	<u>1,983,719</u>	<u>(803,495)</u>
Total	<u>\$ 4,347,999</u>	<u>\$ 3,233,989</u>	<u>\$ 1,114,010</u>

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

7. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	<u>Balance 6/30/2022</u>	<u>Balance Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2023</u>	<u>Amount Due Within One Year</u>
Governmental Activities:					
General obligation					
Bond:					
Series 2020 Refunding	\$ 3,645,000	\$ --	\$ 660,000	\$ 2,985,000	\$ 695,000
Premium on bonds	285,609	--	57,122	228,487	57,122
Capital outlay certificates:					
Series 2021	470,000	--	60,000	410,000	60,000
Series 2022	2,545,000	9,000,000	345,000	11,200,000	400,000
Series 2023	--	2,855,000	--	2,855,000	--
Premium on bonds	207,378	774,004	82,666	898,716	70,995
Compensated absences	17,438	24,249	17,438	24,249	24,249
OPEB	649,241	70,078	139,157	580,162	--
Governmental Activities Long-term Liabilities	<u>\$ 7,819,666</u>	<u>\$ 12,723,331</u>	<u>\$ 1,361,383</u>	<u>\$ 19,181,614</u>	<u>\$ 1,307,366</u>

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

Debt Payable at June 30, 2023 is comprised of the following:

General Obligation Bonds:

The School District issued \$4,270,000 of General Obligation Refunding Bonds, Series 2020. The bonds are payable annually with a fixed interest rate of 3.0%. Maturity date is August of 2026. The Bond Redemption Fund makes payment on this debt. \$ 2,985,000

Capital Outlay Certificates:

The School District issued \$525,000 of Capital Outlay Refunding Certificates, Series 2021. The certificates are payable annually through July, 2029 with fixed interest rates from 0.55% to 2.00% that vary depending on the term of maturity. The Capital Outlay Fund makes payment on this debt. \$ 410,000

The School District issued \$2,545,000 of Refunding Certificates, Series 2022. The bonds are payable annually with a fixed interest rate of 2.00%, maturing in August, 2028. The Capital Outlay Fund makes payment on this debt. \$ 2,200,000

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

7. Long-Term Liabilities: (Continued)

The School District issued \$9,000,000 of Certificates, Series 2022. The bonds are payable annually with a fixed interest rate of 5.00%, maturing in June, 2034. The Capital Outlay Fund makes payment on this debt. \$ 9,000,000

The School District issued \$2,855,000 of Certificates, Series 2023. The bonds are payable annually with a fixed interest rate of 5.00%, maturing in June, 2034. The Capital Outlay Fund makes payment on this debt. \$ 2,855,000

Compensated Absences:

Payments for vested accrued vacation leave from the fund from which the employee is generally compensated. \$ 24,249

Other Postemployment Benefits:

Obligation to individuals who are retired or will retire from the School District and will receive postemployment benefits. The General Fund makes payments on this obligation. \$ 580,162

The annual requirements to amortize all debt outstanding, except compensated absences and other postemployment benefits, at June 30, 2023, are as follows:

General Obligation Bonds (including premium)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 752,122	\$ 79,125	\$ 831,247
2025	782,122	57,825	839,947
2026	822,122	35,475	857,597
2027	857,121	12,000	869,121
	\$ 3,213,487	\$ 184,425	\$ 3,397,912

Capital Outlay Certificates (including premium)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 530,995	\$ 540,262	\$ 1,071,257
2025	755,995	539,811	1,295,806
2026	775,995	518,179	1,294,174
2027	800,995	495,350	1,296,345
2028-2032	820,995	466,350	1,287,345
2033-2037	4,523,838	1,880,800	6,404,638
2038-2042	3,850,163	991,975	4,842,138
2039-2043	3,304,740	262,300	3,567,040
	\$ 15,363,716	\$ 5,695,027	\$ 21,058,743

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

8. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2023 was as follows:

Fund	Restricted By	Amount
Capital outlay	Law	\$ 2,061,239
Special education	Law	300,127
Debt services	Debt covenants	545,166
SDRS Pension purposes	Law	1,361,639
Total Restricted Net Position		\$ 4,268,171

9. Pension Plan:

Plan Information:

All employees working more than 20 hours per week during the 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 are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has 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.

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.

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

9. Pension Plan: (Continued)

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

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. The School District’s share of contributions to the SDRS for the years ended June 30, 2023, 2022, and 2021, were as follows:

<u>Year Ended</u>	
<u>June 30,</u>	<u>Amount</u>
2023	\$ 535,129
2022	468,471
2021	478,139

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

9. Pension Plan: (Continued)

Pension Liabilities (Assets), Pension Expense (Revenue), 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 share of the components of the net pension asset of South Dakota Retirement System, for the School District as of this measurement period ending June 30, 2022 and reported by the School District as of June 30, 2023 are as follows:

Proportionate share of pension liability	\$ 46,118,572
Less proportionate share of net pension restricted for pension benefits	<u>46,149,447</u>
Proportionate share of net pension (asset)	<u><u>\$ (30,875)</u></u>

At June 30, 2023, the School District reported an (asset) of (\$30,875) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2022 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the School District's proportion was 0.32669700%, which is an decrease of -0.0219157% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized reduction of pension expense of \$138,838. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 587,728	\$ 2,004
Changes in assumption	1,962,314	1,719,707
Net difference between projected and actual earnings on pension plan investments	--	73,991
Changes in proportion and difference between District contributions and proportionate share of contributions	41,295	--
District contributions subsequent to the measurement date	<u>535,129</u>	<u>--</u>
Total	<u><u>\$ 3,126,466</u></u>	<u><u>\$ 1,795,702</u></u>

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

9. Pension Plan: (Continued)

\$535,129 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	
2024	\$ 217,788
2025	440,086
2026	(478,160)
2027	615,921
Total	<u>\$ 795,635</u>

Actuarial Assumptions:

The total pension (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, 7.66% at entry to 3.15% after 25 years of service
Discount	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	2.10%

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

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

9. Pension Plan: (Continued)

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	58.0%	3.7%
Fixed income	30.0%	1.1%
Real estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate:

The discount rate used to measure the total pension (asset) was 6.5 percent. 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).

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

9. Pension Plan: (Continued)

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

The following presents the School District’s proportionate share of net pension (asset) calculated using the discount rate of 6.50 percent as well as what the School’s proportionate share of the net pension (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension (asset)	\$ 6,410,892	\$ (30,875)	\$ (5,295,501)

Pension Plan Fiduciary Net Position:

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

Payable to the Pension Plan:

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

10. Postemployment Medical Plan:

Plan Description: West Central School District has a single-employer defined benefit medical plan administered by Wellmark Blue Cross. This plan provides medical insurance benefits to eligible current employees, as well as retirees meeting eligibility requirements. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. SDCL 6-1-16 specifically allows any school district to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. The Sanford Health Plan issues an actuarial report that includes required supplementary information. That report may be obtained by writing to the West Central School District, 705 E. 2nd Street PO box 730 Hartford, SD 57033 or phone: (605) 528-3217.

Funding Policy: The district funds the postemployment benefits on a pay-as-you-go basis. Because the district does not use a trust fund to administer the financing of other postemployment benefits, no separate financial statements are required.

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

10. Postemployment Medical Plan: (Continued)

Employees covered by benefit terms: At June 30, 2023, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	14
Active Employees	166
	<u>180</u>

Actuarial Methods and Assumptions: Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS) as provided in the June 30, 2022 Actuarial Valuation Report. See Note 9 – Pension Note.

Changes in the Total OPEB Liability:

Beginning of Year Balance	\$ 649,241
Service cost	55,504
Interest	14,574
Effect on assumption changes or inputs	(78,707)
Benefit payments	<u>(60,450)</u>
End of Year Balance	<u>\$ 580,162</u>

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

The following presents a total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate of 4.09%.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 635,414	\$ 580,162	\$ 532,803

For the year ended June 30, 2023, the School District recognized OPEB expense of \$(35,448). At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 115,789	\$ --
Changes in assumption	35,362	(367,633)
Total	<u>\$ 151,151</u>	<u>\$ (367,633)</u>

West Central School District No. 49-7

Notes to the Financial Statements

June 30, 2023

10. Postemployment Medical Plan: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

<u>Year Ended</u> <u>June 30,</u>		
2024	\$	(45,076)
2025		(45,076)
2026		(40,150)
2027		(37,881)
2028		(37,840)
Thereafter		(10,459)
Total	\$	<u>(216,482)</u>

11. Joint Ventures:

The school district participates in the East Dakota Educational Cooperative, a cooperative service unit (co-op) formed for the purpose of providing education services to the member school districts.

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

Lennox School District	15%
Brandon Valley School District	66%
West Central School District	19%

The co-op's governing board is composed of one representative from each member school district, who is also a school board member. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The school district retains no equity in the net position of the co-op, but does have a responsibility to fund deficits in the co-op in proportion to the relative participation described above.

At June 30, 2023, this joint venture had total assets of \$6,211,064, total liabilities of \$3,389,388, and net position of \$2,821,676 in the general and special education funds.

Separate financial statements for this joint venture are available from the East Dakota Educational Cooperative.

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

12. Risk Management:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2023, the School District managed its risks as follows:

Employee Health Insurance:

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

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

The School District pays a monthly premium to the pool to provide health insurance coverage 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.

Liability Insurance:

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

Workers' Compensation:

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

Unemployment Benefits:

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

The School District has not assigned any Fund Balance in the General Fund for the payment of future unemployment benefits.

During the year ended June 30, 2023, 1 claim for unemployment benefits was made. There were not any costs associated with it. It is not anticipated that any additional claims for unemployment benefits will be filled in the next fiscal year.

West Central School District No. 49-7
Notes to the Financial Statements
June 30, 2023

13. Significant Contingencies – Litigation:

At June 30, 2023, the School District was not involved in any litigation.

14. Interfund Transfers:

Transfers to/from other funds at June 30, 2023, consist of the following:

Transfer from the Capital Outlay Fund to the Capital Projects Fund to finance construction work in progress.	<u><u>\$ 12,385,814</u></u>
Transfer from Special Education to General Fund for interest received.	<u><u>\$ 5,101</u></u>
Transfer from Capital Outlay to General Fund for interest received.	<u><u>\$ 53,514</u></u>
Transfer from Other Enterprise to General Fund for interest received.	<u><u>\$ 3,303</u></u>

Required Supplementary Information

West Central School District No. 49-7
 Budgetary Comparison Schedule – General Fund - Budgetary Basis
 For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 3,133,450	\$ 3,133,450	\$ 3,152,943	\$ 19,493
Prior years' ad valorem taxes	--	--	32,184	32,184
Utility taxes	335,000	335,000	346,296	11,296
Penalties and interest on taxes	--	--	7,905	7,905
Tuition and Fees:				
Regular day school transportation fees	18,000	18,000	30,298	12,298
Earnings on Investments and Deposits	10,000	35,000	57,840	22,840
Cocurricular Activities:				
Admissions	47,000	47,000	81,557	34,557
Rentals	1,500	1,500	2,049	549
Other student activity income	70,500	103,500	123,702	20,202
Other Revenue from Local Sources:				
Rentals	--	--	1,005	1,005
Contributions and donations	15,500	25,500	29,948	4,448
Charges for services	20,000	20,000	9,468	(10,532)
Day care services	7,800	7,800	7,800	--
Other	21,720	51,720	51,801	81
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	40,000	40,000	37,003	(2,997)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	6,408,805	6,408,805	6,306,014	(102,791)
Restricted grants-in-aid	2,000	2,000	1,733	(267)
Tuition:				
Regular	350,000	350,000	407,248	57,248
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through intermediate	5,000	5,000	4,956	(44)
Restricted grants-in-aid received from federal government through the state	463,069	463,069	477,510	14,441
Total Revenue	<u>\$ 10,949,344</u>	<u>\$ 11,047,344</u>	<u>\$ 11,169,260</u>	<u>\$ 121,916</u>

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

West Central School District No. 49-7
 Budgetary Comparison Schedule – General Fund - Budgetary Basis
 For the Year Ended June 30, 2023 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	\$ 2,431,650	\$ 2,468,150	\$ 2,438,045	\$ 30,105
Middle/junior high	1,171,743	1,171,743	1,161,681	10,062
High school	1,642,040	1,672,040	1,642,397	29,643
Special Programs:				
Culturally different	33,195	33,195	32,568	627
Educationally deprived	439,471	439,471	438,979	492
Other special programs	150,630	150,630	121,570	29,060
Support Services:				
Students:				
Attendance and social work	65,303	65,303	63,138	2,165
Guidance	296,992	296,992	285,435	11,557
Health	97,282	112,282	110,277	2,005
Instructional Staff:				
Improvement of instruction	192,089	203,739	136,862	66,877
Educational media	665,530	665,530	585,501	80,029
General Administration:				
Board of education	109,800	144,900	109,485	35,415
Executive administration	252,319	261,819	244,037	17,782
School Administration:				
Office of the principal	701,400	701,400	674,316	27,084
Other	207,876	207,876	199,719	8,157
Business:				
Fiscal services	297,834	297,834	284,469	13,365
Facilities acquisition and construction				--
Operation and maintenance of plant	2,090,221	2,166,721	2,047,734	118,987
Student transportation	536,863	571,863	548,626	23,237
Nonprogrammed Charges:				
Unemployment	2,500	2,500	--	2,500
Cocurricular Activities:				
Male activities	90,925	90,925	90,032	893
Female activities	100,373	104,373	116,729	(12,356)
Transportation	30,708	38,208	38,695	(487)
Combined activities	253,627	263,627	260,987	2,640
Total Expenditures	<u>11,860,371</u>	<u>12,131,121</u>	<u>11,631,282</u>	<u>499,839</u>
Excess of Revenue Over (Under) Expenditures	<u>(911,027)</u>	<u>(1,083,777)</u>	<u>(462,022)</u>	<u>621,755</u>
Other Financing Sources:				
Transfers in	415,000	415,000	61,918	(353,082)
Total Other Financing Sources	<u>415,000</u>	<u>415,000</u>	<u>61,918</u>	<u>(353,082)</u>
Net Change in Fund Balances	(496,027)	(668,777)	(400,104)	268,673
Fund Balance, Beginning of Year	<u>3,838,901</u>	<u>3,838,901</u>	<u>3,838,901</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 3,342,874</u>	<u>\$ 3,170,124</u>	<u>\$ 3,438,797</u>	<u>\$ 268,673</u>

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

West Central School District No. 49-7
 Budgetary Comparison Schedule – Capital Outlay Fund - Budgetary Basis
 For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 2,332,052	\$ 2,332,052	\$ 2,279,975	\$ (52,077)
Prior years' ad valorem taxes	--	--	21,889	21,889
Penalties and interest on taxes	--	--	4,099	4,099
Earnings on investments	15,000	15,000	68,224	53,224
Other Revenue from Local Sources:				
Contributions and Donations	51,000	51,000	78,998	27,998
Other	209,079	209,079	198,476	(10,603)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from the federal government through intermediate	5,000	5,000	4,372	(628)
Restricted grants-in-aid received from federal government through the state	276,807	276,807	157,437	(119,370)
Total Revenues	<u>2,888,938</u>	<u>2,888,938</u>	<u>2,813,470</u>	<u>(75,468)</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	108,000	108,000	15,299	92,701
Middle/junior high	14,500	14,500	4,732	9,768
High school	27,500	27,500	11,594	15,906
Support Services:				
Students:				
Health	--	1,600	1,549	51
Instructional Staff:				
Educational media	78,500	78,500	34,355	44,145
Business:				
Facilities acquisition and construction	2,197,000	2,197,000	1,216,366	980,634
Operation and maintenance of plant	60,000	60,000	25,085	34,915
Student transportation	231,637	345,637	290,913	54,724
Debt Services	665,000	882,500	905,549	(23,049)
Cocurricular Activities:				
Male activities	30,000	30,000	35,070	(5,070)
Female activities	7,000	17,500	17,441	59
Combined activities	129,000	182,000	171,024	10,976
Total Expenditures	<u>3,548,137</u>	<u>3,944,737</u>	<u>2,728,977</u>	<u>1,215,760</u>
Excess of Revenue Over (Under) Expenditures	<u>(659,199)</u>	<u>(1,055,799)</u>	<u>84,493</u>	<u>1,140,292</u>
Other Financing Sources:				
Transfers out	(9,936,296)	(9,936,296)	(12,439,328)	(2,503,032)
Long term debt issued	9,521,296	9,521,296	12,629,004	3,107,708
Sale of surplus property	--	--	1,778	1,778
Total Other Financing Sources	<u>(415,000)</u>	<u>(415,000)</u>	<u>191,454</u>	<u>606,454</u>
Net Change in Fund Balances	(1,074,199)	(1,470,799)	275,947	1,746,746
Fund Balance - Beginning of Year	<u>1,766,165</u>	<u>1,766,165</u>	<u>1,766,165</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 691,966</u>	<u>\$ 295,366</u>	<u>\$ 2,042,112</u>	<u>\$ 1,746,746</u>

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

West Central School District No. 49-7
 Budgetary Comparison Schedule – Special Education Fund - Budgetary Basis
 For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,396,974	\$ 1,396,974	\$ 1,393,723	\$ (3,251)
Prior years' ad valorem taxes	--	--	13,524	13,524
Penalties and interest on taxes	--	--	2,487	2,487
Earnings on investments	1,500	1,500	5,101	3,601
Other Revenue from Local Sources:				
Contributions and donations	--	--	1,000	1,000
Charges for services	47,000	47,000	45,559	(1,441)
Other	--	--	146	146
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	635,392	635,392	634,592	(800)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through intermediate	2,500	2,500	2,728	228
Restricted grants-in-aid received from federal government through the state	329,373	329,373	331,799	2,426
Total Revenues	<u>2,412,739</u>	<u>2,412,739</u>	<u>2,430,659</u>	<u>17,920</u>
Expenditures:				
Instruction:				
Special Programs:				
Programs for special education	2,012,128	2,092,128	1,853,152	238,976
Support Services:				
Students:				
Health	55,000	55,000	40,224	14,776
Psychological	88,632	88,632	88,118	514
Speech pathology	251,840	251,840	238,784	13,056
Student therapy services	130,000	130,000	85,995	44,005
Instructional staff:				
Improvement of instruction	14,615	14,615	1,111	13,504
Special Education:				
Administrative costs	148,648	148,648	146,228	2,420
Transportation costs	80,290	80,290	141,689	(61,399)
Total Expenditures	<u>2,781,153</u>	<u>2,861,153</u>	<u>2,595,301</u>	<u>265,852</u>
Excess of Revenue Over (Under) Expenditures	<u>(368,414)</u>	<u>(448,414)</u>	<u>(164,642)</u>	<u>283,772</u>
Other Financing Uses:				
Transfers out	--	--	(5,101)	(5,101)
Total Other Financing Uses	<u>--</u>	<u>--</u>	<u>(5,101)</u>	<u>(5,101)</u>
Net Change in Fund Balances	(368,414)	(448,414)	(169,743)	278,671
Fund Balance, Beginning of Year	<u>458,177</u>	<u>458,177</u>	<u>458,177</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 89,763</u>	<u>\$ 9,763</u>	<u>\$ 288,434</u>	<u>\$ 278,671</u>

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

West Central School District No. 49-7
Notes to the Required Supplementary Information
June 30, 2023

1. Budgets and Budgetary Accounting:

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

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

2. USGAAP/Budgetary Accounting Basis Differences:

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

West Central School District No. 49-7
Schedule of the School District Contributions
to the South Dakota Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 535,129	\$ 468,471	\$ 478,139	\$ 459,060	\$ 444,834	\$ 442,161	\$ 416,710	\$ 384,381	\$ 365,682	\$ 340,349
Contributions in relation to the contractually required contribution	<u>\$ 535,129</u>	<u>\$ 468,471</u>	<u>\$ 478,139</u>	<u>\$ 459,060</u>	<u>\$ 444,834</u>	<u>\$ 442,161</u>	<u>\$ 416,710</u>	<u>\$ 384,381</u>	<u>\$ 365,682</u>	<u>\$ 340,349</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 8,831,498	\$ 7,807,794	\$ 7,968,939	\$ 7,650,962	\$ 7,413,865	\$ 7,371,178	\$ 6,945,138	\$ 6,406,324	\$ 6,093,485	\$ 5,672,511
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

**GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

West Central School District No. 49-7
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)
of the South Dakota Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.3266970%	0.3511610%	0.3486127%	0.3514704%	0.3569035%	0.3418514%	0.3369099%	0.3342277%	0.3243783%
District's proportionate share of net pension liability (asset)	\$ (30,875)	\$ (2,689,292)	\$ (15,140)	\$ (37,246)	\$ (8,324)	\$ (31,023)	\$ 1,138,049	\$ (1,417,555)	\$ (2,337,013)
District's covered-employee payroll	\$ 7,807,794	\$ 7,968,939	\$ 7,650,962	\$ 7,413,865	\$ 7,371,178	\$ 6,945,138	\$ 6,406,324	\$ 6,093,485	\$ 5,672,511
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.40%	-33.75%	-0.20%	-0.50%	-0.11%	-0.45%	17.76%	-23.26%	-41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.1%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is June 30 of the previous fiscal year.

**GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

West Central School District No. 49-7
Notes to Required Supplementary Information
June 30, 2023

Changes from Prior Valuation

The June 30, 2022, Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021, Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

Benefit Provision Changes

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

Actuarial Assumption Changes

As a result of an experience analysis covering the period from July 1, 2016, to June 30, 2021, and presented to the SDRS Board of Trustees in April and June 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022, actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021, Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

West Central School District No. 49-7
Notes to Required Supplementary Information
June 30, 2023 (Continued)

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

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 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027, Actuarial Valuation.

Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

West Central School District No. 49-7
Schedule of Changes in Total OPEB Liability
June 30, 2023

Service cost	\$ 55,504
Interest on total OPEB liability	14,574
Effect on assumption changes or inputs	(78,707)
Benefit payments	<u>(60,450)</u>
Decrease in net OPEB obligation	(69,079)
OPEB obligation - beginning	<u>649,241</u>
OPEB obligation - ending	<u><u>\$ 580,162</u></u>

Supplementary Information

West Central School District No. 49-7
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Department of Agriculture:			
Pass-Through the SD Department of Education			
Child Nutrition Cluster (Note 4):			
Non-Cash Assistance (Commodities):			
National School Lunch Program - commodities	10.555	N/A	\$ 116,467
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	N/A	35,078
National School Lunch Program (Note 3)	10.555	N/A	<u>216,712</u>
Total for Child Nutrition Cluster			<u>368,257</u>
Total US Department of Agriculture			<u>368,257</u>
US Department of the Interior:			
Pass-Through the SD Department of Education			
Payments in lieu of taxes	15.226	N/A	<u>13,349</u>
Total US Department of the Interior			<u>13,349</u>
US Department of Education:			
Pass-Through the SD Department of Education:			
Other Programs:			
Title I Grants to Local Educational Agencies	84.010	N/A	148,762
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	N/A	107,807
Supporting Effective Instruction State Grants	84.367	N/A	45,705
School Support and Academic Enrichment Grants	84.424	N/A	16,992
American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	N/A	332,895
American Rescue Plan - Homeless Children and Youth II Formula Grant	84.425W	N/A	<u>5,505</u>
Total for Department of Education Other Programs			<u>657,666</u>
Special Education Cluster (Note 4):			
Special education - grants to states (IDEA, Part B)	84.027	N/A	316,631
Special education - preschool grants (IDEA Preschool)	84.173	N/A	<u>15,168</u>
Total for Special Education Cluster			<u>331,799</u>
Total US Department of Education			<u>989,465</u>
Grand Total			<u>\$ 1,371,071</u>

West Central School District No. 49-7
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023 (Continued)

1. Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2023. 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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Federal Reimbursement:

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

4. Federal Major Programs:

This represents a Major Federal Financial Assistance Program.