

Sioux Falls School District 49-5



Financial Report
June 30, 2023

Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	5
Financial Statements	
Statement of Net Position	20
Statement of Activities.....	21
Balance Sheet – Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	28
Statement of Net Position – Proprietary Funds.....	30
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	31
Statement of Cash Flows – Proprietary Funds.....	32
Statement of Fiduciary Net Position – Fiduciary Funds.....	33
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	34
Notes to Financial Statements	35
Required Supplementary Information	
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	62
Notes to Required Supplementary Information – OPEB Schedule.....	63
Budgetary Comparison Schedule – Budgetary Basis – General Fund.....	64
Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund.....	67
Budgetary Comparison Schedule – Budgetary Basis – Special Education Fund	69
Budgetary Comparison Schedule – Budgetary Basis – Post Secondary Vocational Fund.....	70
Notes to Required Supplementary Information – Budgetary Schedules	72
Schedule of Employer's Share of Net Pension Liability (Asset)	73
Schedule of Employer's Contributions.....	74
Notes to Required Supplementary Information – Pension Schedules	75
Supplementary Information	
Combining Balance Sheets – Nonmajor Governmental Funds.....	77
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	78
Combining Statements of Net Position – Nonmajor Proprietary Funds.....	79
Combining Statements of Net Position – Nonmajor Proprietary Funds.....	80
Combining Statements of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds..	81
Combining Statements of Cash Flows – Nonmajor Proprietary Funds.....	83
Combining Statements of Fiduciary Net Position – Custodial Funds.....	85
Combining Statements of Changes in Fiduciary Net Position – Custodial Funds	86
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	89
Schedule of Expenditures of Federal Awards	92
Notes to Schedule of Expenditures of Federal Awards	95
Schedule of Findings and Questioned Costs.....	96



Independent Auditor's Report

To the School Board
Sioux Falls School District 49-5
Sioux Falls, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Sioux Falls School District 49-5 (the School District) as of and for the year ended June 30, 2023, 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.

Qualified Opinion on Food Service Fund and Business-Type Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Food Service Fund and the business-type activities of the School District as of June 30, 2023, and the 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.

Unmodified Opinions on Governmental Activities, Aggregate Discretely Presented Component Unit, Each Major Governmental Fund, and Aggregate Remaining Fund Information

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 aggregate discretely presented component unit, each major governmental fund, and the aggregate remaining fund information of the School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Southeast Technical Institute Housing Foundation, which is presented as a sole discretely presented component unit of the School District as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southeast Technical Institute Housing Foundation, is based solely on the report of the other auditors.

Basis for Qualified and Unmodified Opinions

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

Matters Giving Rise to Qualified Opinions on Food Service Fund and Business-Type Activities

We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the School District's Food Service Fund inventory as of June 30, 2022, because inventory observation procedures were not performed under the expectation that the Food Service Fund would not classify as a major fund in line with prior years and inventory within the Food Service Fund would not be material to the opinion unit. We were also unable to obtain sufficient appropriate audit evidence regarding the carrying value of year-end Food Service Fund inventory as of June 30, 2022, through other alternative means. As the inventory balance was material to both the Food Service Fund and business-type activities opinion units in the prior year, and opening balances of inventory enter into the determination of the change in net position and cash flows for the year ended June 30, 2023, our opinion on each is qualified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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, pension schedules, OPEB schedules, and budgetary comparison information 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 GAAS, 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 combining balance sheets and combining statements of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, combining statements of net position, combining statements of revenues, expenses and changes in net position, and combining statements of cash flows– nonmajor proprietary funds, combining statements of fiduciary net position and combining statements of changes in fiduciary net position – custodial funds, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the “supplementary information”) are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the supplementary information 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 March 22, 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 the School District’s internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Aberdeen, South Dakota
March 22, 2024

This section of the annual financial report of the Sioux Falls School District 49-5 (the District) presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District's net position from governmental and business-type activities increased by approximately \$21,000,000. Net position increased as a result of capital outlay revenue in excess of depreciation and other capital outlay expenses of approximately \$13,300,000, special education fund revenue in excess of expenses of approximately \$1,400,000, plus an increase in net pension-related deferred outflows and inflows of approximately \$57,500,000, partially offset by a reduction net pension asset of approximately \$53,300,000.
- During the year, the District's total revenues of \$379,799,371 were composed of general revenues in the amount of \$277,414,702 and program revenues totaling \$102,384,669.
- As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$150,987,162, a decrease of \$355,395 compared with the prior year. This decrease is mainly due to Capital Projects Funds construction expenditures in excess of revenues of approximately \$18,500,000 using prior-year proceeds from the issuance of Series 2022 General Obligation Bonds, partially offset by revenues over expenditures of approximately \$18,100,000 in the other governmental funds.
- The general fund reported an increase in fund balance of \$2,178,070 leaving an ending fund balance of \$34,457,847. The unassigned portion of this ending fund balance was \$32,764,494 or 15.16 percent of total general fund expenditures.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like businesses, such as food services.
- Fiduciary fund statements provide information about the financial relationships—like flexible spending accounts for employees—in which the District acts solely as an agent for the benefit of others, to whom the resources belong.

Overview of the Financial Statements (Continued)

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 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in a single column in the basic financial statements.

**Figure 1
Required Components of the Annual Financial Report of the Sioux Falls School District 49-5**

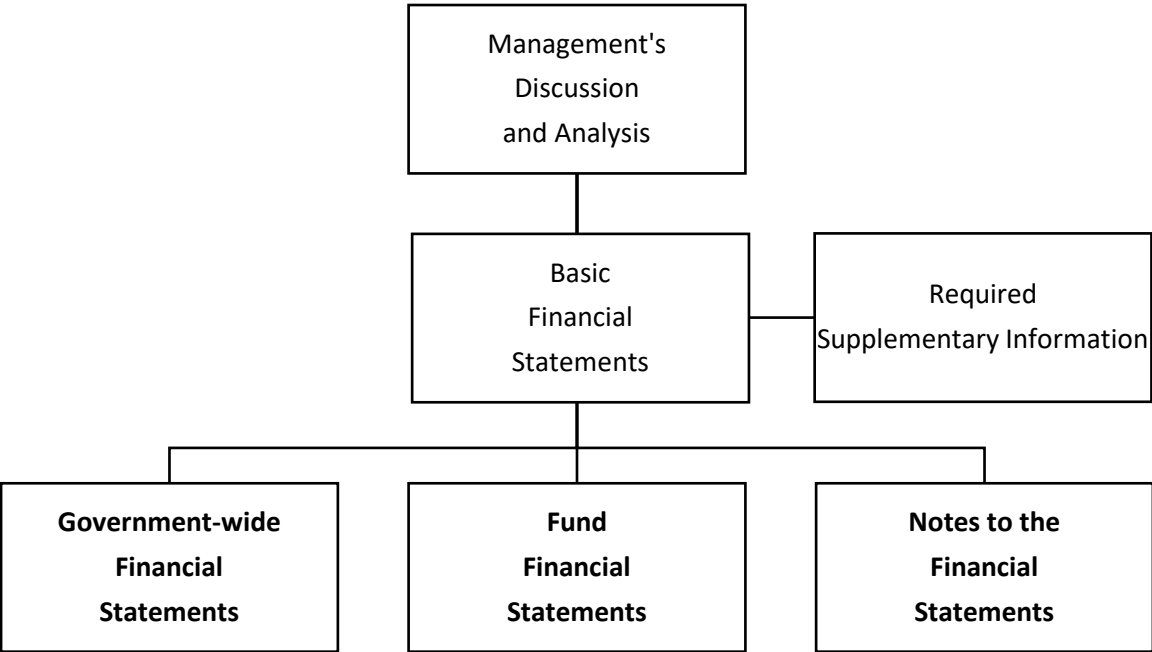


Figure 2 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Overview of the Financial Statements (Continued)

Figure 2 Major Features of Government-wide and Fund Financial Statements

	Government-wide Statements	Governmental Funds	Fund Financial Statements	
			Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses, such as food service and adult education	Instances in which the District is the 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 fund 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 or long-term debt 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 District's fiduciary 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 the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one way to measure the District's financial health or position.

- Increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the 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 District are reported in three categories:

- **Governmental activities:** This category includes the 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 District charges fees to help cover the costs of providing certain services. Food services, adult education, and bookstore services are the major activities included here.
- **Component unit:** The District separately reports the activities of Southeast Technical Institute Housing Foundation.

The government-wide financial statements can be found on pages 20 and 21 of this report.

Fund Financial Statements

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

- State law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes (like paying the District's general obligation bonds, managing construction projects, or managing medical insurance premiums and claims).

Fund Financial Statements (Continued)

The District has three kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.

The Sioux Falls School District maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, capital outlay, special education, post-secondary vocational, and capital improvement project funds since these are considered major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 22 through 27 of this report.

- **Proprietary funds:** Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information.
 - Enterprise funds (one type of proprietary fund) are the District's business-type activities reported on the government-wide financial statements, but the fund statements provide more detail and additional information, such as cash flows.
 - Internal service funds (the other kind of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District has two internal service funds—the Group Health Insurance Fund and the Reprographics Fund.

The basic proprietary fund financial statements can be found on pages 30 through 32 of this report.

- **Fiduciary funds:** The District is the agent, or fiduciary, for assets that belong to others, such as flexible spending accounts for employees. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The basic fiduciary fund financial statements can be found on pages 33 and 34 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 61 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This information is in the form of budgetary comparison schedules for the District's four major governmental funds and excludes major capital project funds. These schedules are accompanied by notes to the required supplementary information which explain the schedules and contain certain other budgetary information. Required supplementary information and notes can be found on pages 62 through 76 of this report.

The combining statements for the nonmajor funds referred to earlier are presented immediately following the required supplementary information on budgets.

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was as follows:

Table 1
Sioux Falls School District 49-5
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Assets						
Current and other assets	\$332,157,308	\$283,769,335	\$ 14,288,171	\$ 10,788,027	\$346,445,479	\$294,557,362
Capital assets and right-to-use assets, net	394,925,359	409,696,025	3,718,759	3,972,699	\$398,644,118	413,668,724
Total assets	727,082,667	693,465,360	18,006,930	14,760,726	745,089,597	708,226,086
Deferred Outflows of Resources	101,859,287	91,942,216	4,551,431	3,978,652	106,410,718	95,920,868
Liabilities						
Long-term liabilities	284,517,024	270,311,346	-	-	284,517,024	270,311,346
Other liabilities	93,371,403	95,712,270	3,674,022	3,403,607	97,045,425	99,115,877
Total liabilities	377,888,427	366,023,616	3,674,022	3,403,607	381,562,449	369,427,223
Deferred Inflows of Resources	171,091,251	118,607,226	5,909,788	2,259,398	177,001,039	120,866,624
Net Position						
Net investment in capital assets	175,173,968	178,848,628	3,718,759	3,972,699	178,892,727	182,821,327
Restricted	84,020,096	104,599,001	1,341,594	1,514,035	85,361,690	106,113,036
Unrestricted	20,768,212	17,329,106	7,914,198	7,589,639	28,682,410	24,918,745
Total net position	\$279,962,276	\$300,776,734	\$ 12,974,551	\$ 13,076,373	\$292,936,827	\$313,853,107

Financial Analysis of the District as a Whole (Continued)

Net Position (Continued)

By far, the largest portion of the District's total assets reflects its net investment in capital assets. These capital assets are used to provide educational services; consequently, they are not available for future spending. The District's net investment in capital assets was \$182,821,327. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Total net capital assets increased as a result of construction and renovation activities of the Capital Improvement Plan, High School Project, and Middle School Project Funds in excess of depreciation.

Current and other assets decreased by \$51,888,117 from June 30, 2022, to June 30, 2023, mainly due to a decrease in net pension asset of approximately \$53,300,000. The decrease of deferred outflows of resources of \$10,489,850, and the decrease in deferred inflows of resources of \$56,134,415 are primarily attributable to the difference between projected and actual return on pension plan assets and changes in assumptions of the South Dakota Retirement System (SDRS) Pension Trust Fund. Total liabilities decreased by \$12,135,226, mainly due to the payment of regularly scheduled principal of long-term debt of approximately \$15,000,000, plus a decrease in accounts payable of approximately \$1,900,000, partially offset by a net increase in lease liabilities of approximately \$3,500,000 and an increase in OPEB liability of approximately \$1,700,000.

As of June 30, 2023, the District reported \$106,113,036 of net position that is subject to external restrictions on how they may be used. This restricted net position includes all of the District's special revenue funds, since State statute dictates that this position be used for the specific purposes of the funds, such as for capital outlay, special education, and post-secondary education purposes. Restricted net position also includes the District's proportionate share of SDRS pension-related amounts. Restricted net position increased by \$20,751,346 during the year ended June 30, 2023, due to an increase in the fund balances in the capital outlay and special education funds of approximately \$14,700,000, plus an increase in net pension-related deferred outflows and inflows of approximately \$57,500,000 and an increase in amounts restricted for debt service of approximately \$1,000,000, offset by a decrease in net pension asset of approximately \$53,300,000.

The District's unrestricted net position decreased by approximately \$3,800,000, mainly due to expenditures in internal service funds exceeding revenues of approximately \$2,900,000, partially offset by revenues exceeding expenditures of approximately \$2,200,000 in the general fund, and additional investments in the District's overall net investment in capital assets.

Financial Analysis of the District as a Whole (Continued)

Changes in Net Position

The District's combined revenues and expenses were as follows:

Table 2
Sioux Falls School District 49-5
Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Revenues						
Program Revenues:						
Charges for services	\$ 16,683,826	\$ 17,530,624	\$ 9,312,451	\$ 15,216,630	\$ 25,996,277	\$ 32,747,254
Operating grants and contributions	59,902,320	58,128,861	18,467,843	10,065,527	78,370,163	68,194,388
Capital grants and contributions	11,680,363	1,443,027	-	-	11,680,363	1,443,027
General Revenues:						
Taxes	141,395,332	149,516,729	-	-	141,395,332	149,516,729
Revenue from state sources	96,798,558	107,190,146	-	-	96,798,558	107,190,146
Revenue from federal sources	372,536	2,390,137	-	-	372,536	2,390,137
Other general revenues	10,321,326	12,051,333	-	-	10,321,326	12,051,333
Unrestricted investment earnings	572,766	6,150,110	2,857	116,247	575,623	6,266,357
Total revenues	337,727,027	354,400,967	27,783,151	25,398,404	365,510,178	379,799,371
Expenses						
Instruction	172,979,841	186,963,432	-	-	172,979,841	186,963,432
Support services	111,394,347	127,780,765	-	-	111,394,347	127,780,765
Community services	241,255	306,501	6,686,817	7,771,412	6,928,072	8,077,913
Nonprogrammed charges	4,182,735	1,368,715	-	-	4,182,735	1,368,715
Co-curricular activities	7,652,591	7,795,342	-	-	7,652,591	7,795,342
Debt service	8,631,879	9,286,754	-	-	8,631,879	9,286,754
Food services	-	-	15,900,345	15,295,480	15,900,345	15,295,480
Post-secondary bookstore services	-	-	1,630,367	1,729,419	1,630,367	1,729,419
Post-secondary childcare	-	-	317,260	333,557	317,260	333,557
House construction	-	-	160,276	251,714	160,276	251,714
Total expenses	305,082,648	333,501,508	24,695,065	25,381,582	329,777,713	358,883,090
Increase (decrease) in net position before transfers	32,644,379	20,899,458	3,088,086	16,822	35,732,465	20,916,280
Transfers	(276,000)	(85,000)	276,000	85,000	-	-
Change in net position	32,368,379	20,814,458	3,364,086	101,822	35,732,465	20,916,280
Net position-beginning	247,593,897	279,962,276	9,610,465	12,974,551	257,204,362	292,936,827
Net position-ending	\$ 279,962,276	\$ 300,776,734	\$ 12,974,551	\$ 13,076,373	\$ 292,936,827	\$ 313,853,107

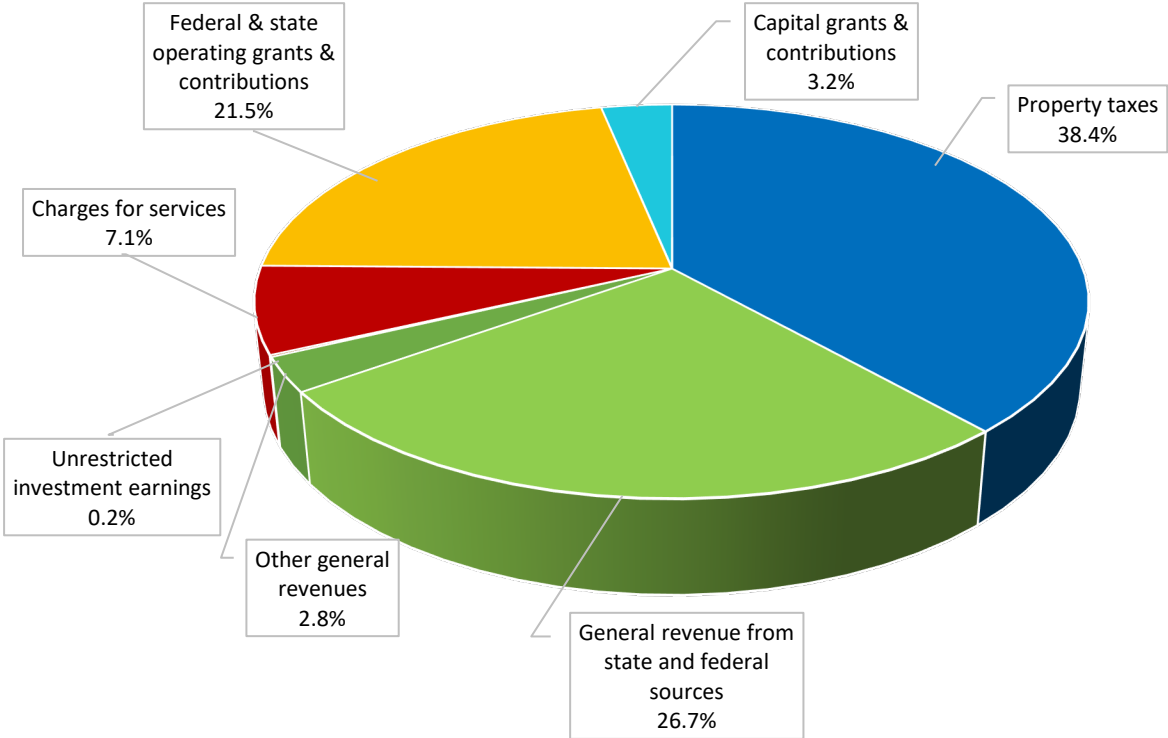
Financial Analysis of the District as a Whole (Continued)

Changes in Net Position (Continued)

The District's total revenues increased by \$14,289,193 mainly due to an increase in state aid and property taxes of approximately \$18,000,000 and an increase in charges for services of approximately \$6,800,000, offset by a decrease in capital grants and contributions of approximately \$10,200,000.

Over one-third of the District's revenue comes from property and other taxes, and approximately one-fourth comes from general state aid. (See Figure 3.)

Figure 3
Sioux Falls School District 49-5
Sources of Revenues for Fiscal Year 2023



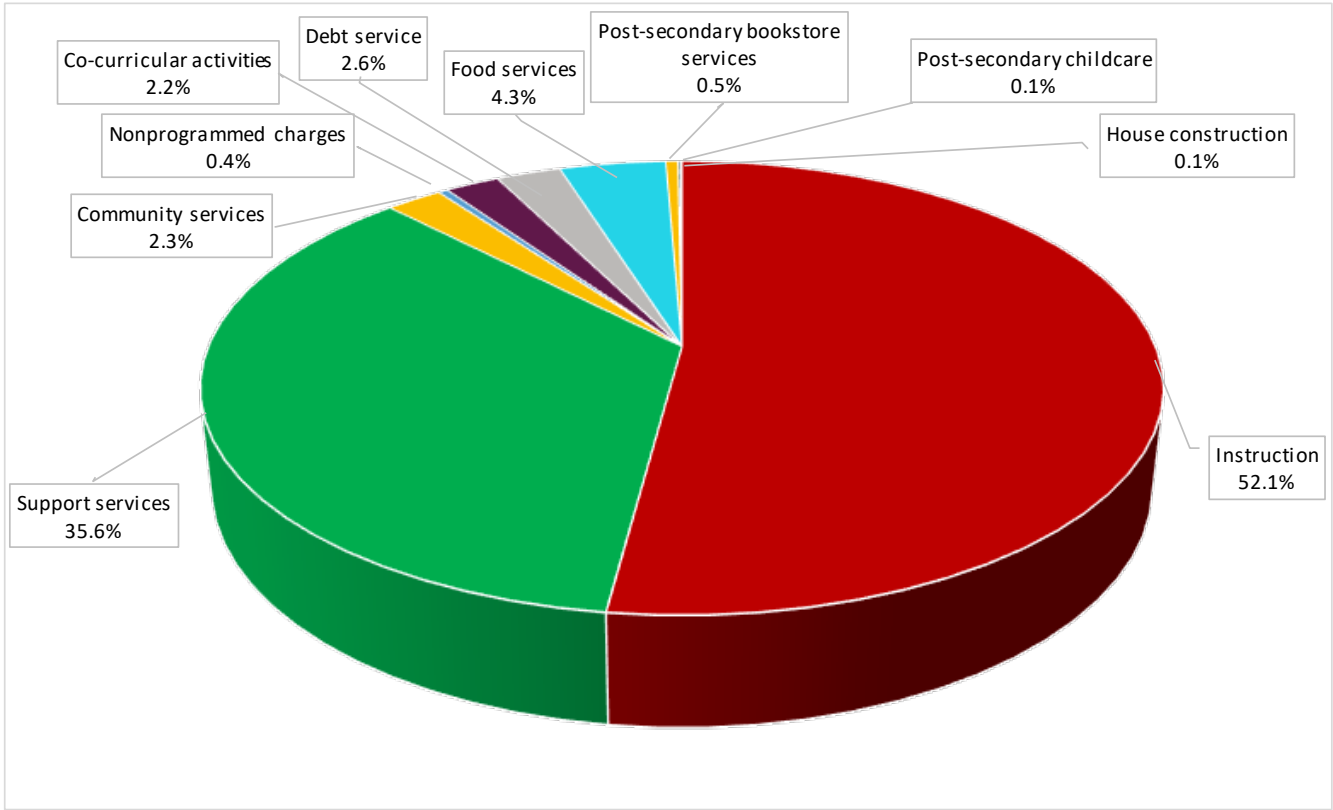
Financial Analysis of the District as a Whole (Continued)

Changes in Net Position (Continued)

The District's total expenses for 2023 were \$358,883,090, representing an increase of \$29,105,377.

Over half of the total expenses were spent on instruction with approximately one-third for support services. (See Figure 4.)

Figure 4
Sioux Falls School District 49-5
Functional Expense for Fiscal Year 2023



Financial Analysis of the District's Funds

Governmental Funds

The focus of the Sioux Falls School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$150,987,162, a decrease of \$355,395 during the current fiscal year. Approximately 21.70 percent of the ending fund balances, or \$32,737,725, constitutes unassigned fund balances, which are generally available for spending at the District's discretion. Approximately .28 percent, or \$425,291, constitutes assigned fund balance for the hail damage project fund. Restricted fund balances are amounts restricted to specific purposes by law or creditors and include amounts in special revenue funds that can be spent at the District's discretion within the purposes of the funds. These restricted special revenue fund balances are within the 1) capital outlay fund \$53,119,991; 2) special education fund \$10,808,969; and 3) post-secondary vocational fund \$4,385,696. Additional fund balances restricted or committed for specific purposes include 1) debt service \$11,970,972; and 2) construction projects \$35,601,294. The remainder of the fund balances are amounts that cannot be spent and consist of \$1,937,224 of inventory and prepaid expenses.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$32,764,494, while total fund balance was \$34,457,847. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.16 percent of total general fund expenditures, while total fund balance represents 15.94 percent of that same amount.

The fund balance of the District's general fund increased by \$2,178,070 during the current fiscal year. The District had originally budgeted to decrease fund balance by \$4,020,030, which was supplementally revised to use approximately \$4,300,000 of cash from fund balance for the current fiscal year. However, total expenditures were under budget by approximately \$4,000,000. In addition, revenues exceeded budget by approximately \$6,700,000. Due to revenues in excess of expenditures, budgeted transfers in of \$4,250,000 were not made.

The fund balance of the District's capital outlay fund increased by \$13,323,973 during the current fiscal year to \$58,368,647 as of June 30, 2023. The District had originally budgeted to increase fund balance by \$5,080,557, which was supplementally revised to fund balance by \$3,337,621. However, total expenditures were under budget by approximately \$5,200,000, mainly in capital acquisitions. In addition, a budgeted transfer out to the general fund of \$4,250,000 was not done due to revenues in excess of expenditures in the general fund.

The fund balance of the District's special education fund increased by \$1,363,625 to \$10,808,969 as of June 30, 2023. The District had budgeted to decrease fund balance by approximately \$800,000. However, total revenues were over budget by approximately \$2,300,000, mainly due to federal revenue and property taxes.

Financial Analysis of the District's Funds (Continued)

Governmental Funds (Continued)

The fund balance of the District's post-secondary vocational fund increased by \$278,757 to \$4,629,567 as of June 30, 2023. The District had originally budgeted to decrease fund balance by \$720,000. However, total expenditures were under budget by approximately \$4,500,000, offset by revenues and other financing sources under budget by approximately \$3,500,000, mostly in state revenue.

Proprietary Funds

The District's enterprise funds showed an increase in net position of \$101,822 to \$13,076,373 as of June 30, 2023. The operating increase is due primarily to the food service fund. The District's internal service funds saw a decrease in net position of \$2,866,407, due mainly to the group health insurance fund. The group health insurance fund's net position was \$8,578,368 as of June 30, 2023. This represents approximately 17.50 percent of total expenses and will be used for cash flow purposes and as a reserve to cover possible future claims in excess of premiums.

General Fund Budgetary Highlights

Over the course of the year, the School Board revised the District's budget several times. These amendments are primarily for supplemental revenues received after the original budget was adopted and for increases in appropriations to prevent budget overruns. Significant differences between the original budget and the final amended budget are summarized as follows:

- Increase of approximately \$4,800,000 in other local sources and related expenditures primarily due to contributions from District agency accounts and outside organizations not in the original budget.
- Increase of approximately \$2,300,000 in federal revenues and related expenditures due to additional federal grants received after the original budget was adopted.

Capital Asset Administration

As of June 30, 2023, the District had invested \$413,668,725 in a broad range of capital assets, including land, land improvements, buildings, construction in progress, and various machinery and equipment (see Table 3). This amount represents a net increase (including additions, deductions, and depreciation) of \$15,024,607, or 3.77 percent over last year. This year's capital asset purchases were primarily construction and remodeling of buildings as part of the Capital Improvement Plan, and costs related to building a new high school and middle school. Additional information regarding the District's capital assets can be found in Note 4 to the financial statements.

Financial Analysis of the District's Funds (Continued)

Capital Asset Administration (Continued)

Table 3
Sioux Falls School District 49-5
Capital Assets, Net

	Governmental Activities		Business-Type Activities		Total Dollar	Total Percentage
	2022	2023	2022	2023	Change	Change
Land	\$ 18,270,100	\$ 18,465,100	\$ -	\$ -	\$ 195,000	1.07%
Construction in progress	15,246,724	25,934,876	-	-	10,688,152	70.10%
Buildings and improvements	344,071,349	344,533,032	1,974,862	1,979,928	466,749	0.13%
Improvements other than buildings	8,488,666	8,493,070	1,214	871	4,061	0.05%
Machinery and equipment	7,533,084	7,710,672	1,742,683	1,991,900	426,805	4.60%
Right-to-use buildings	500,192	4,056,660	-	-	3,556,468	711.02%
Right-to-use machinery and equipment	815,244	502,615	-	-	(312,629)	-38.35%
Totals	<u>\$394,925,359</u>	<u>\$409,696,025</u>	<u>\$ 3,718,759</u>	<u>\$ 3,972,699</u>	<u>\$ 15,024,606</u>	<u>3.77%</u>

Long-Term Liabilities

At year-end, the District had \$322,625,358 in capital outlay certificates, general obligation bonds, and other long-term obligations. Long-term liabilities decreased during the year by \$9,546,213 due mainly to scheduled repayment of principal offset by an increase in lease liabilities and other postemployment benefits. This is a decrease of 2.87 percent as shown in Table 4 below.

Table 4
Sioux Falls School District 49-5
Outstanding Debt and Obligations

	Governmental Activities		Business-Type Activities		Total Dollar	Total Percentage
	2022	2023	2022	2023	Change	Change
Capital outlay certificates	\$ 87,994,142	\$ 78,194,919	\$ -	\$ -	\$ (9,799,223)	-11.14%
General obligation bonds	209,295,662	204,248,313	-	-	(5,047,349)	-2.41%
Lease liabilities	1,344,452	4,854,729	-	-	3,510,277	261.09%
Other postemployment benefits	29,016,894	30,669,601	1,602,473	1,614,837	1,665,071	5.44%
Accrued vacation	2,717,086	2,830,252	200,862	212,708	125,012	4.28%
Totals	<u>\$330,368,236</u>	<u>\$320,797,814</u>	<u>\$ 1,803,335</u>	<u>\$ 1,827,545</u>	<u>\$ (9,546,212)</u>	<u>-2.87%</u>

The District's outstanding bonds and certificates carry ratings of Aaa when covered by bond insurance and ratings of Aa2 and Aa3 when not covered by bond insurance. The ratings were issued by Moody's Investors Services.

Financial Analysis of the District's Funds (Continued)

The District maintains an early retirement plan for teachers and administrators, which allows those meeting certain qualifications to retire early and receive a retirement incentive payment based on a flat amount plus sick days for teachers, and on a calculated average salary for administrators. This plan allows the District to reduce the overall program cost by hiring lower-paid employees to replace the higher-paid employees.

Additional information regarding the District's long-term liabilities can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

For taxes payable in 2024, the District experienced an increase in total property valuation of approximately \$2.00 billion or 11.23 percent from the prior year. With the exception of the general fund and bond redemption fund, the increase in property valuation affects the District's ability to increase the revenue generated from property taxes.

For the general fund, the primary source of revenue to the District is based on a per-student state aid formula from the State of South Dakota. This per-student allocation is based on the current year's fall enrollment count and, by law, is supposed to increase each year by the lesser of the rate of inflation or 3 percent. The fall 2022 enrollment count was 24,226. The state aid formula for fiscal year 22-23 ensured that property taxes plus state aid equaled \$6,655 per pupil. The allocation for fiscal year 2023-24 is \$7,120 per pupil. Since the funding formula was implemented in 1997-98, the annual increases in the allocation have not always kept up with the increases in costs of education, primarily salary and benefit increases. During fiscal year 2002-03, the School Board passed a resolution to opt out of the State funding limitation in the amount of \$3.5 million in order to maintain District programs at the current level and allow for the day-to-day costs of a new elementary school. This opt-out resolution was passed in a public election and was originally scheduled to sunset at the end of calendar year 2007.

In preparation of the \$3.5 million reduction in annual revenues related to the end of the 2002-03 opt-out, the District convened a panel of 10 local experienced business leaders to study and evaluate the Sioux Falls School District's current liquid position, current and projected level of expenditures, and any efficiencies that could be obtained. Upon completion of their evaluation, the panel was asked to make recommendations to improve and strengthen the District's financial operations. The panel recommended that the District maintain a general fund balance at or near 8.5 percent of annual expenditures, reduce the opt-out amount to \$3.2 million, and extend it through calendar year 2012. During fiscal year 2005-06, the School Board passed a resolution to adopt the panel's recommendations. The lowered and extended opt-out was not referred to a public vote. For fiscal year 2007-08, the Board reduced the amount of the opt-out to \$2.7 million.

In response to a freeze in the formula during the 2010 legislative session, a second iteration of this panel recommended the School Board increase the opt-out to \$5 million and extend it through 2018. The Board adopted this recommendation but only accessed \$2.7 million for fiscal year 2011. In response to the 8.6 percent cut in the per-student allocation during the 2011 legislative session, the panel recommended, and the Board approved, a 10-year, \$7.5 million per year opt-out beginning in 2012, and an additional 10-year, \$5 million per year opt-out beginning in 2018.

In the spring of 2019, the business panel met again and suggested 10-year, \$1.5 million opt-outs that are passed every year and inflated slightly each year. The Board passed the first 10-year \$1.5 million opt-out for taxes payable in 2020. This gave the Board access to \$14 million in opt-out authority for 2020, of which the Board approved \$9.1 million. For taxes payable in 2023, the Board has access to \$11.6 million in opt-out authority, of which the Board approved \$11 million.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Sioux Falls School District's Finance Office, 201 East 38th Street, Sioux Falls, South Dakota 57105-5898.

Sioux Falls School District 49-5

Statement of Net Position

June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	STI Housing Foundation
Assets				
Cash and cash equivalents	\$ 185,259,371	\$ 9,913,177	\$ 195,172,548	\$ 1,512,695
Cash - restricted	-	-	-	242,618
Taxes receivable	75,529,311	-	75,529,311	-
Other receivables	19,603,187	457,425	20,060,612	5,024
Interfund balances	792,215	(913,439)	(121,224)	-
Inventories	980,019	1,276,955	2,256,974	-
Prepaid expenses	957,205	17,399	974,604	15,512
Net pension asset	648,027	36,510	684,537	-
Capital assets				
Capital assets not being depreciated	44,399,976	-	44,399,976	-
Capital assets, net of accumulated depreciation	360,736,774	3,972,699	364,709,473	2,089,246
Right-to-use lease assets, net of accumulated amortization	4,559,275	-	4,559,275	-
	<u>693,465,360</u>	<u>14,760,726</u>	<u>708,226,086</u>	<u>3,865,095</u>
Deferred Outflows of Resources				
Deferred charge on refunding	20,876,039	-	20,876,039	-
OPEB related deferred outflows	6,877,185	362,102	7,239,287	-
Pension related deferred outflows	64,188,992	3,616,550	67,805,542	-
	<u>91,942,216</u>	<u>3,978,652</u>	<u>95,920,868</u>	<u>-</u>
	<u>\$ 785,407,576</u>	<u>\$ 18,739,378</u>	<u>\$ 804,146,954</u>	<u>\$ 3,865,095</u>
Liabilities				
Accounts payable	\$ 7,363,641	\$ 302,476	\$ 7,666,117	\$ 65,820
Other current liabilities	37,438,414	1,011,572	38,449,986	10,800
Unearned revenue	423,747	262,014	685,761	-
Noncurrent liabilities:				
Due within one year	19,816,867	212,708	20,029,575	165,267
Due in more than one year	270,311,346	-	270,311,346	2,334,104
Net OPEB liability	30,669,601	1,614,837	32,284,438	-
Total liabilities	<u>366,023,616</u>	<u>3,403,607</u>	<u>369,427,223</u>	<u>2,575,991</u>
Deferred Inflows of Resources				
OPEB related deferred inflows	2,286,200	120,373	2,406,573	-
Pension related deferred inflows	37,964,857	2,139,025	40,103,882	-
Taxes levied for future period	78,356,169	-	78,356,169	-
	<u>118,607,226</u>	<u>2,259,398</u>	<u>120,866,624</u>	<u>-</u>
Net Position				
Net investment in capital assets	178,848,628	3,972,699	182,821,327	(410,125)
Restricted for:				
Capital outlay	53,582,590	-	53,582,590	-
Special education	10,945,645	-	10,945,645	-
SDRS pension purposes	26,872,162	1,514,035	28,386,197	-
Post secondary vocational	4,108,702	-	4,108,702	-
Debt service	9,089,902	-	9,089,902	-
Unrestricted	17,329,106	7,589,639	24,918,745	1,699,229
Total net position	<u>300,776,734</u>	<u>13,076,373</u>	<u>313,853,107</u>	<u>1,289,104</u>
	<u>\$ 785,407,576</u>	<u>\$ 18,739,378</u>	<u>\$ 804,146,954</u>	<u>\$ 3,865,095</u>

Sioux Falls School District 49-5
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit STI Housing Foundation
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities:								
Instruction	\$ 186,963,432	\$ 14,853,919	\$ 58,120,361	\$ 1,443,027	\$ (112,546,125)	\$ -	\$ (112,546,125)	\$ -
Support services	127,780,765	1,049,827	-	-	(126,730,938)	-	(126,730,938)	-
Community services	306,501	-	-	-	(306,501)	-	(306,501)	-
Nonprogrammed charges	1,368,715	1,283,691	8,500	-	(76,524)	-	(76,524)	-
Co-curricular activities	7,795,342	343,187	-	-	(7,452,155)	-	(7,452,155)	-
*Interest on long-term debt	9,286,754	-	-	-	(9,286,754)	-	(9,286,754)	-
Total governmental activities	<u>333,501,508</u>	<u>17,530,624</u>	<u>58,128,861</u>	<u>1,443,027</u>	<u>(256,398,997)</u>	<u>-</u>	<u>(256,398,997)</u>	<u>-</u>
Business-type activities:								
Food services	15,295,480	5,956,251	9,876,090	-	-	536,861	536,861	-
Post secondary bookstore	1,729,419	1,821,016	-	-	-	91,597	91,597	-
Post secondary childcare	333,557	283,200	51,912	-	-	1,555	1,555	-
Community services	7,771,412	6,846,097	137,525	-	-	(787,790)	(787,790)	-
House construction	251,714	310,066	-	-	-	58,352	58,352	-
Total business-type activities	<u>25,381,582</u>	<u>15,216,630</u>	<u>10,065,527</u>	<u>-</u>	<u>-</u>	<u>(99,425)</u>	<u>(99,425)</u>	<u>-</u>
Total primary government	<u>\$ 358,883,090</u>	<u>\$ 32,747,254</u>	<u>\$ 68,194,388</u>	<u>\$ 1,443,027</u>	<u>(256,398,997)</u>	<u>(99,425)</u>	<u>(256,498,422)</u>	<u>-</u>
Component Unit	<u>\$ 885,410</u>	<u>\$ 1,087,245</u>	<u>\$ -</u>					<u>201,835</u>
General Revenues								
Taxes:								
Property taxes					148,304,474	-	148,304,474	-
Gross receipts tax					1,212,255	-	1,212,255	-
Revenue from state sources:								
State aid					105,937,721	-	105,937,721	-
Other					1,252,425	-	1,252,425	-
Revenue from federal sources					2,390,137	-	2,390,137	-
Unrestricted investment earnings					6,150,110	116,247	6,266,357	2,919
Other general revenues					12,051,333	-	12,051,333	-
Transfers					(85,000)	85,000	-	-
Total general revenues					<u>277,213,455</u>	<u>201,247</u>	<u>277,414,702</u>	<u>2,919</u>
Change in Net Position					20,814,458	101,822	20,916,280	204,754
Net Position - Beginning					279,962,276	12,974,551	292,936,827	1,084,350
Net Position - Ending					<u>\$ 300,776,734</u>	<u>\$ 13,076,373</u>	<u>\$ 313,853,107</u>	<u>\$ 1,289,104</u>

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

Sioux Falls School District 49-5
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Capital Improvement Plan	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 45,989,378	\$ 59,557,830	\$ 15,961,999	\$ 6,598,846	\$ 27,462,640	\$ 18,414,495	\$ 173,985,188
Taxes receivable - current	38,713,849	17,058,931	12,125,519	-	-	5,605,726	73,504,025
Taxes receivable - delinquent	1,128,477	462,599	319,244	-	-	114,966	2,025,286
Accounts receivable, net	17,068	-	26,492	1,095,536	275,983	-	1,415,079
Due from other funds	-	907,238	-	-	-	-	907,238
Due from other governments	13,676,116	185,206	1,968,602	762,824	-	-	16,592,748
Advance to imprest	271,000	-	600	-	-	-	271,600
Inventories	980,019	-	-	-	-	-	980,019
Prepaid expenses	713,334	-	-	243,871	-	-	957,205
	<u>\$ 101,489,241</u>	<u>\$ 78,171,804</u>	<u>\$ 30,402,456</u>	<u>\$ 8,701,077</u>	<u>\$ 27,738,623</u>	<u>\$ 24,135,187</u>	<u>\$ 270,638,388</u>
Liabilities							
Accounts payable	\$ 1,100,678	\$ 1,122,310	\$ 447,035	\$ 1,590,197	\$ 2,895,213	\$ 151,185	\$ 7,306,618
Contracts and benefits payable	23,367,210	-	5,822,204	351,562	-	-	29,540,976
Due to other funds	84,520	-	22,906	7,597	-	-	115,023
Amounts held for others	-	-	-	1,698,407	-	-	1,698,407
Unearned revenue	-	-	-	423,747	-	-	423,747
Total liabilities	<u>24,552,408</u>	<u>1,122,310</u>	<u>6,292,145</u>	<u>4,071,510</u>	<u>2,895,213</u>	<u>151,185</u>	<u>39,084,771</u>
Deferred Inflows of Resources							
Unavailable revenue - delinquent property taxes	1,128,477	462,599	319,244	-	-	114,966	2,025,286
Unavailable revenue - intergovernmental	154,000	-	31,000	-	-	-	185,000
Taxes levied for future period	41,196,509	18,218,248	12,951,098	-	-	5,990,314	78,356,169
Total deferred inflows of resources	<u>42,478,986</u>	<u>18,680,847</u>	<u>13,301,342</u>	<u>-</u>	<u>-</u>	<u>6,105,280</u>	<u>80,566,455</u>
Fund Balances							
Nonspendable for:							
Inventory and prepaid expenses	1,693,353	-	-	243,871	-	-	1,937,224
Restricted for:							
Capital outlay	-	53,119,991	-	-	-	-	53,119,991
Special education	-	-	10,808,969	-	-	-	10,808,969
Post secondary vocational	-	-	-	4,385,696	-	-	4,385,696
Capital projects	-	-	-	-	24,843,410	10,757,884	35,601,294
Debt service	-	5,248,656	-	-	-	6,722,316	11,970,972
Assigned for:							
Hail damage projects	-	-	-	-	-	425,291	425,291
Unassigned	32,764,494	-	-	-	-	(26,769)	32,737,725
Total fund balances	<u>34,457,847</u>	<u>58,368,647</u>	<u>10,808,969</u>	<u>4,629,567</u>	<u>24,843,410</u>	<u>17,878,722</u>	<u>150,987,162</u>
	<u>\$ 101,489,241</u>	<u>\$ 78,171,804</u>	<u>\$ 30,402,456</u>	<u>\$ 8,701,077</u>	<u>\$ 27,738,623</u>	<u>\$ 24,135,187</u>	<u>\$ 270,638,388</u>

Sioux Falls School District 49-5
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 Year Ended June 30, 2023

Total Fund Balances - Governmental Funds	\$	150,987,162
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$646,808,664 and the accumulated depreciation/amortization is \$237,530,282.		409,278,382
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(286,242,220)
Unamortized balance of premiums and discounts on long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(3,428,232)
The unamortized balance of deferred charges on debt refundings resulting from the difference between the net carrying value of the refunded debt and its reacquisition price is not reported in the funds; however, it is treated as a deferred outflow of resources in the statement of net position.		20,876,039
Assets such as delinquent taxes receivable and other intergovernmental receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,210,286
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		9,297,807
Interest expense payable is not included as a liability in the fund statements. Interest expense payable is included as a liability in the statement of net position.		(2,996,036)
OPEB obligations and related deferred outflows of resources and deferred inflows of resources do not represent available financial resources and, therefore, are not reported in the funds.		(26,078,616)
Net pension liability (asset), pension related deferred inflows of resources and pension related deferred outflows of resources do not represent available financial resources and, therefore, are not reported in the funds.		26,872,162
		26,872,162
Net Position - Governmental Activities	\$	300,776,734

Sioux Falls School District 49-5

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

Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Capital Improvement Plan	Other Governmental Funds	Total Governmental Funds
Revenues							
Revenue from local sources							
Taxes:							
Ad valorem taxes	\$ 77,776,414	\$ 34,008,419	\$ 24,552,810	\$ -	\$ -	\$ 10,886,215	\$ 147,223,858
Prior year's ad valorem taxes	543,969	227,945	160,041	-	-	59,866	991,821
Tax deed revenue	5,409	-	-	-	-	-	5,409
Gross receipts taxes	1,212,255	-	-	-	-	-	1,212,255
Other taxes	235,141	103,319	74,504	-	-	33,161	446,125
Penalties and interest on taxes	146,606	46,989	32,267	-	-	11,664	237,526
Tuition and fees	467,695	42,054	269,080	363,790	-	-	1,142,619
Post secondary program tuition and fees	-	-	-	13,862,755	-	-	13,862,755
Earnings on investments and deposits	3,563,804	1,680,494	369,220	273,046	8	263,538	6,150,110
Co-curricular activities:							
Admissions	258,141	-	-	-	-	-	258,141
Bookstore sales	6,080	-	-	658,990	-	-	665,070
Other student activity income	85,046	-	-	-	-	-	85,046
Post secondary:							
Resales/services - occupational programs	-	-	-	85,892	-	-	85,892
Other revenue from local sources:							
Rentals	93,955	9,600	-	20,250	-	-	123,805
Contributions and donations	321,185	41,155	9,625	1,171,183	-	-	1,543,148
Judgments	6,385	21,214	-	39,059	-	149,732	216,390
Charges for services	593,557	-	473,744	-	-	-	1,067,301
Other	7,733,174	570,369	8,733	486,379	275,985	-	9,074,640
Revenue from intermediate sources							
County sources:							
County apportionment	711,423	-	-	-	-	-	711,423
Revenue from state sources							
Grants-in-aid:							
Unrestricted grants-in-aid	96,912,898	-	-	9,024,823	-	-	105,937,721
Restricted grants-in-aid	325,707	-	20,947,697	-	-	-	21,273,404
Tuition	46,113	-	101,297	-	-	-	147,410
Other state revenue	9,660	-	-	1,242,765	-	-	1,252,425

Sioux Falls School District 49-5

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Capital Improvement Plan	Other Governmental Funds	Total Governmental Funds
Revenue from federal sources							
Grants-in-aid:							
Restricted grants-in-aid received directly from federal government	3,656,602	198,237	-	-	-	-	3,854,839
Restricted grants-in-aid received from federal government through the state	23,605,639	1,832,451	8,113,940	883,115	-	-	34,435,145
Johnson O'Malley funds	12,197	-	-	-	-	-	12,197
Other federal revenue	13,246	273,336	-	2,091,358	-	-	2,377,940
Total revenues	<u>218,342,301</u>	<u>39,055,582</u>	<u>55,112,958</u>	<u>30,203,405</u>	<u>275,993</u>	<u>11,404,176</u>	<u>354,394,415</u>
Expenditures							
Instruction							
Regular programs:							
Elementary schools	46,930,651	2,319,257	-	-	-	-	49,249,908
Middle/junior high schools	27,039,876	824,720	-	-	-	-	27,864,596
High school	33,595,160	1,717,370	-	-	-	-	35,312,530
Preschool services	576,774	3,394	-	-	-	-	580,168
Special programs:							
Gifted and talented	848,261	-	-	-	-	-	848,261
Programs for special education	-	17,101	35,832,601	-	-	-	35,849,702
Coordinated early intervening services instruction	-	-	771,680	-	-	-	771,680
Culturally different	6,307,022	-	-	-	-	-	6,307,022
Educationally deprived	4,606,038	-	-	-	-	-	4,606,038
Other special programs	6,000,695	208,148	-	-	-	-	6,208,843
Adult continuing education programs	-	-	-	313,113	-	-	313,113
Post secondary occupational programs	-	-	-	12,652,973	-	-	12,652,973
Support services							
Pupils:							
Attendance and social work	1,472,377	-	-	-	-	-	1,472,377
Guidance	7,041,932	-	-	1,080,402	-	-	8,122,334
Health	1,467,285	29,454	18,616	-	-	-	1,515,355
Psychological	5	-	4,185	-	-	-	4,190
Speech pathology	-	-	3,829,514	-	-	-	3,829,514
Student therapy services	-	-	2,500,218	-	-	-	2,500,218
Orientation and mobility services	69	-	147,763	-	-	-	147,832
Support services - instructional staff:							
Improvement of instruction	8,252,427	2,662	-	1,657,142	-	-	9,912,231
Educational media	4,301,213	13,019	-	-	-	-	4,314,232

Sioux Falls School District 49-5

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

Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Capital Improvement Plan	Other Governmental Funds	Total Governmental Funds
Support services - general administration:							
Board of Education	1,545,096	-	-	381,452	-	-	1,926,548
Executive administration	1,144,941	3,416	-	103,315	-	-	1,251,672
Support services - school administration:							
Office of the Principal	15,233,194	32,086	-	-	-	-	15,265,280
Financial aid administration	-	-	-	379,364	-	-	379,364
Title I program administration	27,702	-	-	-	-	-	27,702
Other support services	2,016,952	1,065	-	3,720,051	-	-	5,738,068
Support services - business:							
Fiscal services	1,878,770	351,075	-	1,171,987	-	-	3,401,832
Facilities acquisition and construction	-	5,059,069	-	6,273,466	-	-	11,332,535
Operation and maintenance of plant	22,813,970	720,266	-	2,148,975	-	-	25,683,211
Pupil transportation	6,622,761	1,000	-	-	-	-	6,623,761
Food services	973,352	-	-	-	-	-	973,352
Internal services	415,802	-	-	14,014	-	-	429,816
Support services - central:							
Planning	921,952	2,850	-	-	-	-	924,802
Staff	1,545,589	-	-	10,033	-	-	1,555,622
Data processing	4,608,848	678,918	-	3,729,596	-	-	9,017,362
Support services - special education:							
Administrative costs	-	-	3,716,411	-	-	-	3,716,411
Transportation costs	-	-	2,962,732	-	-	-	2,962,732
Other special education costs	-	-	3,862,861	-	-	-	3,862,861
Community services							
Nonpublic school	181,564	17,546	-	-	-	-	199,110
Other	91,101	-	-	-	-	-	91,101
Nonprogrammed charges							
Payments to state - unemployment	4,202	-	-	-	-	-	4,202
Early retirement payments	243,344	-	40,838	-	-	-	284,182
Other nonprogrammed costs	-	1,080,331	-	-	-	-	1,080,331
Debt services	-	11,776,534	61,914	225,792	-	9,173,723	21,237,963
Co-curricular activities							
Male activities	2,105,815	370,182	-	-	-	-	2,475,997
Female activities	1,857,483	254,098	-	-	-	-	2,111,581
Combined activities	3,492,008	267,738	-	23,489	-	-	3,783,235
Capital outlay	-	-	-	-	18,625,682	1,380,584	20,006,266
Total expenditures	<u>216,164,231</u>	<u>25,751,299</u>	<u>53,749,333</u>	<u>33,885,164</u>	<u>18,625,682</u>	<u>10,554,307</u>	<u>358,730,016</u>

See Notes to Financial Statements

Sioux Falls School District 49-5

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Capital Improvement Plan	Other Governmental Funds	Total Governmental Funds
Excess of Revenue over (under) Expenditures	2,178,070	13,304,283	1,363,625	(3,681,759)	(18,349,689)	849,869	(4,335,601)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	100,000	100,000
Transfers out	-	-	-	(85,000)	(100,000)	-	(185,000)
Lease proceeds	-	-	-	4,045,516	-	-	4,045,516
Sale of surplus property	-	19,690	-	-	-	-	19,690
Total other financing sources (uses)	-	19,690	-	3,960,516	(100,000)	100,000	3,980,206
Net Change in Fund Balances	2,178,070	13,323,973	1,363,625	278,757	(18,449,689)	949,869	(355,395)
Fund Balance - Beginning	32,279,777	45,044,674	9,445,344	4,350,810	43,293,099	16,928,853	151,342,557
Fund Balance - Ending	\$ 34,457,847	\$ 58,368,647	\$ 10,808,969	\$ 4,629,567	\$ 24,843,410	\$ 17,878,722	\$ 150,987,162

Sioux Falls School District 49-5
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the
 Government-Wide Statement of Activities
 Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		\$ (355,395)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$31,205,965) exceeded depreciation (\$16,017,563) in the current period.		15,188,402
In the statement of activities, gains and losses on disposal of capital assets are reported; whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(19,325)
Payment of principal on long-term debt is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.		13,843,984
CO certificates	\$ 8,685,000	
GO bonds	5,000,000	
Lease liabilities	158,984	
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.		(4,045,516)
Lease liabilities	\$ 4,045,516	
In the statement of activities, certain operating expenses (early retirement and accrued vacation) are measured by the amounts earned during the year. In the governmental funds, the expenditures are measured by the amount actually paid. Early retirement and accrued vacation paid during the period exceeded the amount earned.		(101,631)
Governmental funds do not report a deferred outflow in connection with a debt refunding transaction; therefore, an adjustment is necessary to recognize the amortization of these charges in the government-wide financial statements.		(3,007,962)
In both the government-wide and 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' statement 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."		(600,263)
Revenues in the statement of activities that are not "available" and do not provide current financial resources are not reported as revenues in the funds.		8,500

Sioux Falls School District 49-5
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the
 Government-Wide Statement of Activities
 Year Ended June 30, 2023

Interest expense payable is not included as an expenditure in the fund statements. Interest expense payable is included as an expenditure in the statement of activities.	(25,878)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service is reported with governmental activities.	(2,866,407)
The accrual of OPEB costs are not reflected in governmental funds, but the statement of activities reflects the change in this liability and related deferred outflows and inflows of resources from one year to the next.	(2,385,516)
Governmental funds report the effect of premiums and discounts when the debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities. This is the amount by which current-year amortization exceeded the amount of premiums issued in the current period.	1,161,572
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>4,019,894</u>
Change in Net Position of Governmental Activities	<u><u>\$ 20,814,458</u></u>

Sioux Falls School District 49-5
Statement of Net Position – Proprietary Funds
June 30, 2023

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	\$ 8,037,444	\$ 1,875,733	\$ 9,913,177	\$ 11,274,183
Accounts receivable	1,474	352,236	353,710	1,323,760
Due from other governments	86,099	2,616	88,715	-
Inventory of supplies	46,507	1,032,867	1,079,374	-
Inventory of stores purchased for resale	178,856	-	178,856	-
Inventory of donated food	18,725	-	18,725	-
Prepaid expenses	-	17,399	17,399	-
Total current assets	<u>8,369,105</u>	<u>3,280,851</u>	<u>11,649,956</u>	<u>12,597,943</u>
Noncurrent Assets				
Advance to imprest	-	15,000	15,000	-
Net pension asset	19,370	17,140	36,510	-
Capital assets				
Buildings	6,057,938	23,720	6,081,658	-
Improvements other than buildings	-	6,866	6,866	-
Machinery and equipment	6,398,590	669,064	7,067,654	181,159
Accumulated depreciation	(8,662,131)	(521,348)	(9,183,479)	(179,036)
Right-of-use lease assets	-	-	-	1,182,634
Accumulated amortization	-	-	-	(767,114)
Total noncurrent assets	<u>3,813,767</u>	<u>210,442</u>	<u>4,024,209</u>	<u>417,643</u>
Deferred Outflows of Resources				
Pension related deferred outflows	1,918,688	1,697,862	3,616,550	-
OPEB related deferred outflows	199,585	162,517	362,102	-
Total deferred outflows of resources	<u>2,118,273</u>	<u>1,860,379</u>	<u>3,978,652</u>	<u>-</u>
	<u>\$ 14,301,145</u>	<u>\$ 5,351,672</u>	<u>\$ 19,652,817</u>	<u>\$ 13,015,586</u>
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 91,055	\$ 211,421	\$ 302,476	\$ 57,023
Contracts and benefits payable	220,249	765,088	985,337	2,995
Sales tax payable	-	15,298	15,298	-
Incurred but not reported claims	-	-	-	3,200,000
Due to other funds	910,789	2,650	913,439	-
Accrued vacation payable	107,976	104,732	212,708	15,920
Deposits payable	-	10,937	10,937	-
Unearned revenue	262,014	-	262,014	-
Total current liabilities	<u>1,592,083</u>	<u>1,110,126</u>	<u>2,702,209</u>	<u>3,275,938</u>
Noncurrent Liabilities				
Net OPEB obligation	890,071	724,766	1,614,837	-
Lease liabilities	-	-	-	441,841
Total noncurrent liabilities	<u>890,071</u>	<u>724,766</u>	<u>1,614,837</u>	<u>441,841</u>
Deferred Inflows of Resources				
Pension related deferred inflows	1,134,816	1,004,209	2,139,025	-
OPEB related deferred inflows	66,348	54,025	120,373	-
Total deferred inflows of resources	<u>1,201,164</u>	<u>1,058,234</u>	<u>2,259,398</u>	<u>-</u>
Net Position				
Net investment in capital assets	3,794,397	178,302	3,972,699	(24,198)
Restricted for pension benefits	803,242	710,793	1,514,035	-
Unrestricted net position	6,020,188	1,569,451	7,589,639	9,322,005
Total net position	<u>10,617,827</u>	<u>2,458,546</u>	<u>13,076,373</u>	<u>9,297,807</u>
	<u>\$ 14,301,145</u>	<u>\$ 5,351,672</u>	<u>\$ 19,652,817</u>	<u>\$ 13,015,586</u>

Sioux Falls School District 49-5
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2023

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating Revenues				
Sales				
Tuition	\$ -	\$ 4,646,200	\$ 4,646,200	\$ -
To pupils	5,445,380	225,100	5,670,480	-
To adults	61,520	38,113	99,633	-
Bookstore sales	-	1,808,363	1,808,363	-
Self-insurance premiums	-	-	-	45,950,460
Daycare charges for services	-	273,945	273,945	-
Other local revenue	173,078	2,544,931	2,718,009	597,952
Total operating revenues	<u>5,679,978</u>	<u>9,536,652</u>	<u>15,216,630</u>	<u>46,548,412</u>
Operating Expenses				
Salaries	5,381,349	5,927,614	11,308,963	164,256
Employee benefits	1,843,115	1,541,526	3,384,641	34,266
Purchased services	513,236	441,305	954,541	4,098,724
Supplies	462,467	2,036,602	2,499,069	78,035
Cost of sales - purchased	5,138,944	340,003	5,478,947	-
Cost of sales - donated	1,077,392	-	1,077,392	-
Other	69,049	156,406	225,455	44,976,355
Depreciation	408,335	41,474	449,809	14,856
Amortization	-	-	-	383,557
Total operating expenses	<u>14,893,887</u>	<u>10,484,930</u>	<u>25,378,817</u>	<u>49,750,049</u>
Operating Loss	<u>(9,213,909)</u>	<u>(948,278)</u>	<u>(10,162,187)</u>	<u>(3,201,637)</u>
Nonoperating Revenue				
Local sources:				
Investment earnings	116,247	-	116,247	355,737
State sources:				
Cash reimbursements	32,747	-	32,747	-
Federal sources:				
Federal grants	-	189,437	189,437	-
Cash reimbursements	8,791,855	-	8,791,855	-
Donated food	1,051,488	-	1,051,488	-
Total nonoperating revenue	<u>9,992,337</u>	<u>189,437</u>	<u>10,181,774</u>	<u>355,737</u>
Nonoperating Expense				
Interest expense	-	-	-	(20,507)
Loss on disposal of capital assets	(2,765)	-	(2,765)	-
Total nonoperating revenue (expense)	<u>9,989,572</u>	<u>189,437</u>	<u>10,179,009</u>	<u>335,230</u>
Income (Loss) Before Transfers	775,663	(758,841)	16,822	(2,866,407)
Transfers in	-	85,000	85,000	-
Change in Net Position	775,663	(673,841)	101,822	(2,866,407)
Net Position - Beginning	9,842,164	3,132,387	12,974,551	12,164,214
Net Position - Ending	<u>\$ 10,617,827</u>	<u>\$ 2,458,546</u>	<u>\$ 13,076,373</u>	<u>\$ 9,297,807</u>

Sioux Falls School District 49-5
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash Flows from (used for) Operating Activities				
Cash receipts from customers	\$ 5,376,087	\$ 6,975,850	\$ 12,351,937	\$ -
Cash receipts from interfund services provided	-	-	-	46,495,924
Other operating cash receipts	173,078	2,435,319	2,608,397	597,952
Payments to employees	(7,376,451)	(7,447,349)	(14,823,800)	(189,401)
Payments to suppliers	(6,212,385)	(3,230,608)	(9,442,993)	(4,180,750)
Payments for claims	-	-	-	(44,548,029)
Net Cash used for Operating Activities	<u>(8,039,671)</u>	<u>(1,266,788)</u>	<u>(9,306,459)</u>	<u>(1,824,304)</u>
Cash Flows from Noncapital Financing Activities				
Transfers in from other funds	-	85,000	85,000	-
Operating subsidies and grants	8,835,722	563,241	9,398,963	-
Net Cash from Noncapital Financing Activities	<u>8,835,722</u>	<u>648,241</u>	<u>9,483,963</u>	<u>-</u>
Cash Flows used for Capital and Related Financing Activities				
Cash paid for lease liabilities - principal	-	-	-	(376,256)
Cash paid for lease liabilities - interest	-	-	-	(20,507)
Purchase of capital assets	(685,933)	(20,581)	(706,514)	-
Net Cash used for Capital and Related Financing Activities	<u>(685,933)</u>	<u>(20,581)</u>	<u>(706,514)</u>	<u>(396,763)</u>
Cash Flows from Investing Activities				
Cash received for interest	116,247	-	116,247	355,737
Net Cash from Investing Activities	<u>116,247</u>	<u>-</u>	<u>116,247</u>	<u>355,737</u>
Net Change in Cash and Cash Equivalents	226,365	(639,128)	(412,763)	(1,865,330)
Cash and Cash Equivalents, Beginning of Year	7,811,079	2,514,861	10,325,940	13,139,513
Cash and Cash Equivalents, End of Year	<u>\$ 8,037,444</u>	<u>\$ 1,875,733</u>	<u>\$ 9,913,177</u>	<u>\$ 11,274,183</u>
Reconciliation of Operating Loss to Net Cash used for Operating Activities				
Operating loss	\$ (9,213,909)	\$ (948,278)	\$ (10,162,187)	\$ (3,201,637)
Adjustments to reconcile operating loss to net cash from (used for) operating activities:				
Depreciation and amortization expense	408,335	41,474	449,809	398,413
Value of donated commodities used	1,077,392	-	1,077,392	-
Change in assets and liabilities:				
Receivables	65,918	(126,118)	(60,200)	545,464
Inventories	34,820	(241,968)	(207,148)	-
Prepaid expenses	-	(13,933)	(13,933)	-
Pension asset and deferred outflows	1,970,748	1,504,666	3,475,414	-
OPEB deferred outflows	37,592	17,223	54,815	-
Accounts and other payables	(63,577)	(707)	(64,284)	424,335
Contracts payable	(101,272)	67,027	(34,245)	(2,414)
Due to other funds	68	316	384	-
Accrued vacation payable	4,411	7,435	11,846	11,535
Deposits payable	-	635	635	-
Unearned revenue	(196,731)	-	(196,731)	-
Pension liability and deferred inflows	(2,038,345)	(1,609,510)	(3,647,855)	-
OPEB liability and deferred inflows	(25,121)	34,950	9,829	-
Net Cash used for Operating Activities	<u>\$ (8,039,671)</u>	<u>\$ (1,266,788)</u>	<u>\$ (9,306,459)</u>	<u>\$ (1,824,304)</u>
Noncash Investing, Capital and Financing Activities				
Value of commodities received	\$ 1,051,488	\$ -	\$ 1,051,488	\$ -
Loss on disposal of capital assets	2,765	-	2,765	-

Sioux Falls School District 49-5
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 549,494
Due from other funds	<u>121,224</u>
Total assets	<u><u>\$ 670,718</u></u>
Liabilities	
Due to local governments	<u>\$ 84,604</u>
Total liabilities	<u><u>\$ 84,604</u></u>
Net Position	
Restricted for individuals and organizations	<u><u>\$ 586,114</u></u>

Sioux Falls School District 49-5
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended June 30, 2023

	Custodial Funds
Additions	
Fees collected for other governments	\$ 1,987,090
Employee contributions	1,492,904
Other	21,199
Total additions	3,501,193
Deductions	
Payment of fees to other governments	1,987,090
Payments to employees	1,388,977
Other	15,230
Total deductions	3,391,297
Change in Net Position	109,896
Net Position - Beginning	476,218
Net Position - Ending	\$ 586,114

Note 1 - Summary of Significant Accounting Policies

The Sioux Falls School District 49-5's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements. The more significant accounting policies established in GAAP and used by the School District are discussed below.

Reporting Entity

The reporting entity of the Sioux Falls School District 49-5 (the School District) 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); its discretely presented component unit; and those 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.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District.

The discretely presented component unit is the Southeast Technical Institute Housing Foundation ("STI Housing Foundation" or "the Foundation"). The Foundation is a legally separate and tax exempt 501(c)(3) nonprofit organization whose sole purpose is to develop, own, manage, and operate student housing exclusively for the benefit of Southeast Technical College. Because the economic resources held by the Foundation are held entirely for the benefit of the primary government, the primary government is entitled to a majority of the economic resources held by the Foundation, and the economic resources held by the Foundation are deemed significant to the primary government, the Foundation is, therefore, included in the financial statements as a discretely presented component unit. The Foundation has a fiscal year-end of December 31 and has separately issued financial statements as of the Foundation's respective year-end, thus the amounts reported herein for the discretely presented component unit are as of and for the year ended December 31, 2022.

Basis of Presentation and Basis of Accounting**Basis of Presentation**

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities and component units. Eliminations to the various funds have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities and the discretely presented component unit of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Discretely presented component units are legally separate organizations that meet certain criteria, as described above, and may be classified as either governmental or business-type activities. See the discussion of individual component units above.

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

The statement of activities presents a comparison between direct expenses and program revenues for 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.

Fund Financial Statements: Fund financial statements of the School District 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% of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined; or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year-to-year, or because of public interest in the fund's operations.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary services.

The funds of the School District are described below within their respective fund types.

Governmental Funds

General Fund: The General Fund is established by South Dakota Codified Law (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding 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. The special revenue funds maintained by the School District are as follows:

- **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.
- Post-Secondary Vocational Fund – A fund established by SDCL 13-39-39.1 to account for funds incidental to the operation of Southeast Technical College, a school providing post-secondary vocational education programs. This fund is financed by tuition and fees and grants. This is a major fund.

Debt Service Funds: The Bond Redemption Fund is established by SDCL 13-16-13 to account for a special property tax and report the accumulation of resources from that tax restricted to use for the payment of general long-term debt principal, interest and related costs. The Bond Redemption Fund is the only debt service fund maintained by the School District. This is not 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). The New Elementary Fund, Capital Improvement Plan Fund, Hail Damage Fund, New High School Fund, and New Middle School Fund are the capital project funds maintained by the School District. The Capital Improvement Plan Fund was a major fund in 2023, however, the others were not major funds.

Proprietary Funds

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

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity.
- Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The enterprise funds maintained by the School District are as follows:

- Food Service Fund – A fund used to record financial transactions related to K-12 food service operations. This fund is financed by user charges and grants. This is a major fund.
- Post Secondary Bookstore Fund – A fund used to record financial transactions related to operations of the Southeast Technical College bookstore. This fund is financed by user charges. This is not a major fund.
- Post Secondary Food Service Fund – A fund used to record financial transactions related to Southeast Technical College food service operations. This fund is financed by user charges. This is not a major fund.
- Post Secondary Child Care Fund – A fund used to record financial transactions related to operations of Southeast Technical College's child daycare facility. This fund is financed by user charges and grants. This is not a major fund.

- Community Relations Fund – A fund used to record financial transactions related to operations of blended pre-school programs, summer school, daycare services and after-school daycare services, and for GED and other courses. This fund is financed by user charges and grants. This is not a major fund.
- House Construction Fund – A fund used to record financial transactions related to the construction and sale of one home annually by a high school within the School District that is being constructed in partnership with Habitat for Humanity. This fund is financed by sale of the constructed home. This is not a major fund.

Internal Service Funds: A fund used to report activities that provide goods or services to other funds, departments or agencies of the School District and its component unit, or to other governments, on a cost-reimbursement basis. Internal service funds are never considered to be major funds. The Insurance Trust Fund and Reprographics Fund are the only internal service funds maintained by the School District.

Fiduciary Funds: Fiduciary funds maintained by the School District consist solely of custodial funds and are never considered to be major 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 account for resources held by the School District as an agent for employee dependent care and health care flexible spending accounts, to account for facility fees collected by Southeast Technical College from its students to a trustee for the benefit of the South Dakota Health and Education Facilities Authority, and to account for resources held as an agent for various other Southeast Technical College relationships.

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 funds.

Basis of Accounting

Government-Wide Financial Statements

In the government-wide statement of net position and statement of activities, governmental, business-type and component unit 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 for the School District is 60 days for property tax receipts and 90 days for other charges for services. Revenues from reimbursement grants and other similar reimbursement items are recognized when all eligibility requirements imposed by the provider have been met. State revenues are recognized in the year to which the revenue relates or applies.

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

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

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

Interfund Eliminations and Reclassifications

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as internal balances.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged in this manner, expense reductions occur in the respective funds so that expenses are reported only in the function to which they relate.

Deposits and Investments

For the purpose of financial reporting, “cash and cash equivalents” for the School District includes all demand and savings accounts or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-ended mutual fund shares, or similar investments in external investment pools, are also considered to be cash and cash equivalents. The School District did not hold any investments at June 30, 2023.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1, and are payable in two installments on or before April 30 and October 31 of the following year. Approximately 50% is considered to be applied to finance the budget of the current fiscal year and the remaining percentage (50%) is considered to be applied to finance the budget for the subsequent year. 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. Current year property taxes receivable, which is not available as a resource that can be used to finance the current year’s appropriations and, therefore, are not susceptible to accrual, have been reported as deferred inflows of resources in both fund financial statements and the government-wide financial statements.

Inventory

Inventory is stated at cost on the first-in, first-out (FIFO) basis. When individual inventory items are purchased they are recorded as assets. When they are consumed they are recorded as expenditures in governmental funds or expenses in proprietary funds. Although classified as current assets, these inventory balances are offset by nonspendable fund balance amounts which indicate that they do not constitute “available spendable resources” even though they are a component of net current assets. Inventories purchased by the Food Service Fund and Post Secondary Food Service Fund are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at USDA’s assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when consumed.

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 Statements

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized. Interest costs incurred during construction of capital assets are not capitalized along with other capital asset costs.

Right-to-use leased assets are recognized at the lease commencement date and represent the School District's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight line method. The amortization period varies from 3 to 10 years.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the 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*	Any Amount	*	*
Buildings and improvements	\$ 20,000	Straight-Line	20 - 50 years
Improvements other than buildings	20,000	Straight-Line	10 - 20 years
Machinery and equipment - governmental activities	5,000	Straight-Line	5 - 15 years
Machinery and equipment - business-type	1,000	Straight-Line	5 - 15 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.

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 general obligation bonds, capital outlay certificates payable, lease liabilities, and vacation payable.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenues and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is on the accrual basis, the same in the fund statement as it is in the government-wide statements.

Cash and Cash Equivalents

The School District pools some of its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. All reported deposit balances are considered to be cash equivalents for the purpose of the statement of cash flows.

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.

Proprietary Funds Revenue and Expense Classifications

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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.

Equity Classifications*Government-Wide Statements*

Equity is classified as net position and is displayed in three components:

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

Fund Financial Statements

Governmental fund equity is classified as fund balance, and is distinguished between nonspendable, restricted, committed, assigned, or unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund activity is reported as restricted net position.

Fund Balance Classification Policies and Procedures

The School District classifies governmental fund balance 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 restraints.
- 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, which is the School Board, and does not lapse at year-end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the School Board or Business Manager.
- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The nonspendable fund balance in the General Fund and the Post Secondary Vocational Fund is comprised of inventory and prepaid expenses which are in a nonspendable form.

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

The School District does not have a formal minimum fund balance policy.

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Property taxes
Special Education Fund	Grants and property taxes
Post Secondary Vocational Fund	Tuition and fees and grants

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.

Pensions

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The School District has four items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal year-end, changes in the net pension liability (asset) not included in pension expense reported in the government-wide statement of net position, changes in the total OPEB liability included in health insurance expense reported in the government-wide statement of net position, and deferred charges on debt refundings resulting from a difference in the reacquisition price in excess of the net carrying amount of the refunded debt which is amortized over the shorter of the remaining life of the old debt or new debt, whichever is shorter.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three types of items that qualify for reporting in this category. The School District reports unavailable revenues from property taxes on the government-wide statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Another item is changes in the net pension liability (asset) not included in pension expense reported in the government-wide statement of net position. The final item is changes in the total OPEB liability included in health insurance expense reported in the government-wide statement of net position.

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

The School District, at times, invests in certificates of deposit carried at amortized cost. As of June 30, 2023, the School District did not carry any investments.

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

Custodial Credit Risk-Deposits – The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2023, the School District's bank balances were approximately \$190,512,000 which includes various bank accounts. Of these deposits, \$500,000 was covered by the FDIC and the remaining balance was uninsured but collateralized with securities held by the pledging financial institution.

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the fund holding the deposit or making the investment, except for checking account deposits which are recorded in the General Fund.

Note 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. Receivables are reported net of an allowance for doubtful accounts.

Current taxes receivable are reported net of an allowance of \$264,908 in the General Fund, \$117,168 in the Capital Outlay Fund, \$83,284 in the Special Education Fund, and \$38,502 in the Bond Redemption Fund. Delinquent taxes receivable are reported net of an allowance of \$1,145,430 in the General Fund, \$495,944 in the Capital Outlay Fund, \$309,212 in the Special Education Fund, and \$75,696 in the Bond Redemption Fund.

Accounts receivable are reported net of an allowance of \$439,864 in the Post Secondary Vocational Fund, \$2,353 in the Post Secondary Bookstore Fund, and \$5,023 in the Post Secondary Child Care Fund.

Note 4 - Changes in Capital Assets

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

<u>Primary Government</u>	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,270,100	\$ 195,000	\$ -	\$ 18,465,100
Construction in process	15,246,724	20,929,210	10,241,058	25,934,876
Total capital assets not being depreciated	<u>33,516,824</u>	<u>21,124,210</u>	<u>10,241,058</u>	<u>44,399,976</u>
Capital and right-to-use assets being depreciated/amortized:				
Buildings and improvements	518,100,731	12,667,608	-	530,768,339
Improvements other than buildings	25,901,789	1,451,459	-	27,353,248
Machinery and equipment	39,153,397	2,158,230	1,457,701	39,853,926
Right-to-use buildings	555,259	3,939,856	-	4,495,115
Right-to-use machinery and equipment	1,267,201	105,660	71,008	1,301,853
Total capital and right-to-use assets being depreciated/amortized	<u>584,978,377</u>	<u>20,322,813</u>	<u>1,528,709</u>	<u>603,772,481</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	174,029,382	12,205,925	-	186,235,307
Improvements other than buildings	17,413,123	1,447,055	-	18,860,178
Machinery and equipment	31,620,313	1,961,317	1,438,376	32,143,254
Right-to-use buildings	55,067	383,388	-	438,455
Right-to-use machinery and equipment	451,957	418,289	71,008	799,238
Total accumulated depreciation/amortization	<u>223,569,842</u>	<u>16,415,974</u>	<u>1,509,384</u>	<u>238,476,432</u>
Total capital and right-to-use assets being depreciated/amortized, net	<u>361,408,535</u>	<u>3,906,839</u>	<u>19,325</u>	<u>365,296,049</u>
Governmental activities capital and right-to-use assets, net	<u>\$ 394,925,359</u>	<u>\$ 25,031,049</u>	<u>\$ 10,260,383</u>	<u>\$ 409,696,025</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 13,756,355
Support services	1,728,147
Community	3,012
Co-curricular activities	928,460
Total depreciation/amortization expense - governmental activities	<u>\$ 16,415,974</u>

Sioux Falls School District 49-5
Notes to Financial Statements
June 30, 2023

<u>Business-Type Activities</u>	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Capital assets being depreciated:				
Building improvements	\$ 5,966,494	\$ 115,164	\$ -	\$ 6,081,658
Improvements other than buildings	6,866	-	-	6,866
Machinery and equipment	6,497,511	600,098	29,955	7,067,654
Total being depreciated	<u>12,470,871</u>	<u>715,262</u>	<u>29,955</u>	<u>13,156,178</u>
Less accumulated depreciation for:				
Building improvements	3,991,632	110,098	-	4,101,730
Improvements other than buildings	5,652	343	-	5,995
Machinery and equipment	4,754,828	339,368	18,442	5,075,754
Total accumulated depreciation	<u>8,752,112</u>	<u>449,809</u>	<u>18,442</u>	<u>9,183,479</u>
Business-type activity capital assets, net	<u>\$ 3,718,759</u>	<u>\$ 265,453</u>	<u>\$ 11,513</u>	<u>\$ 3,972,699</u>
Business-type activities:				
Food service				\$ 427,313
Community services				15,408
Bookstore services				6,475
Instruction				<u>613</u>
Total depreciation expense - business-type activities				<u>\$ 449,809</u>

As of June 30, 2023, the School District had remaining commitments of approximately \$10,829,000 related to the ongoing construction of various significant construction projects.

Note 5 - Long-Term Liabilities and Lease Activity

A summary of changes in governmental activities long-term liabilities follows:

<u>Primary Government</u>	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital outlay certificates	\$ 84,340,000	\$ -	\$ 8,685,000	\$ 75,655,000	\$ 8,505,000
Unamortized premium	3,663,658	-	1,120,340	2,543,318	-
Unamortized discount	(9,516)	-	(6,117)	(3,399)	-
Total capital outlay certificates	<u>87,994,142</u>	<u>-</u>	<u>9,799,223</u>	<u>78,194,919</u>	<u>8,505,000</u>
General obligation bonds	208,360,000	-	5,000,000	203,360,000	7,925,000
Unamortized premium	935,662	-	47,349	888,313	-
Total general obligation bonds	<u>209,295,662</u>	<u>-</u>	<u>5,047,349</u>	<u>204,248,313</u>	<u>7,925,000</u>
Lease liabilities	1,344,452	4,045,516	535,239	4,854,729	556,615
Total debt	298,634,256	4,045,516	15,381,811	287,297,961	16,986,615
OPEB liability	29,016,894	1,652,707	-	30,669,601	-
Accrued vacation payable	2,717,086	2,326,687	2,213,521	2,830,252	2,830,252
Total governmental activities	<u>\$ 330,368,236</u>	<u>\$ 8,024,910</u>	<u>\$ 17,595,332</u>	<u>\$ 320,797,814</u>	<u>\$ 19,816,867</u>

A summary of changes in business-type activities long-term liabilities follows:

Primary Government	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023	Due Within One Year
Business-Type Activities:					
OPEB liability	\$ 1,602,473	\$ 12,364	\$ -	\$ 1,614,837	\$ -
Accrued vacation payable	200,862	175,806	163,960	212,708	212,708
Total business-type activities	<u>\$ 1,803,335</u>	<u>\$ 188,170</u>	<u>\$ 163,960</u>	<u>\$ 1,827,545</u>	<u>\$ 212,708</u>

Accrued vacation for governmental activities and business-type activities typically have been liquidated out of the fund in which the respective wages have been recognized.

Capital outlay certificates are payable from tax levies of the Capital Outlay Fund and the debt service for the certificates is accounted for in the Capital Outlay Fund. A summary of capital outlay certificates outstanding at June 30, 2023, is as follows:

Issue	Maturity Date	Interest Rate	Amount
2011	1/1/2027	4.80-4.85%	\$ 1,835,000
2015	1/1/2024	3.00-5.00%	640,000
2017A	8/1/2029	3.00-5.00%	7,705,000
2017B	2/1/2031	1.375-5.00%	17,085,000
2017C	8/1/2033	3.00-5.00%	32,570,000
2019	2/1/2026	2.00-4.00%	6,125,000
2021	8/1/2035	.215-1.998%	9,695,000
			<u>\$ 75,655,000</u>

Annual debt service requirements to maturity for capital outlay certificates are as follows:

Year Ending June 30,	Capital Outlay Certificates		
	Principal	Interest	Total
2024	\$ 8,505,000	\$ 2,713,836	\$ 11,218,836
2025	8,900,000	2,340,494	11,240,494
2026	8,655,000	1,985,350	10,640,350
2027	7,230,000	1,647,268	8,877,268
2028	7,470,000	1,316,235	8,786,235
2029-2033	30,810,000	2,961,650	33,771,650
2034-2038	4,085,000	97,973	4,182,973
	<u>\$ 75,655,000</u>	<u>\$ 13,062,806</u>	<u>\$ 88,717,806</u>

General obligation bonds are payable from tax levies collected, and the debt service for the general obligation bonds is accounted for in the bond redemption fund. A summary of general obligation bonds outstanding at June 30, 2023, is as follows:

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2021	8/1/2039	.157-2.672%	\$ 152,060,000
2022	8/1/2046	3.00%	51,300,000
			<u>\$ 203,360,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 7,925,000	\$ 4,350,729	\$ 12,275,729
2025	7,960,000	4,316,514	12,276,514
2026	8,015,000	4,259,401	12,274,401
2027	8,095,000	4,181,631	12,276,631
2028	8,190,000	4,084,225	12,274,225
2029-3033	43,065,000	18,312,002	61,377,002
2034-2038	47,900,000	13,473,785	61,373,785
2039-2043	41,585,000	7,336,952	48,921,952
2044-2048	30,625,000	1,871,925	32,496,925
	<u>\$ 203,360,000</u>	<u>\$ 62,187,164</u>	<u>\$ 265,547,164</u>

The School District has pledged state aid for the 2022 and 2021 general obligation bonds and the 2017A, 2017B, 2017C, 2019, and 2021 capital outlay certificates. In the event that the School District does not timely deposit the required principal and interest payments under the agreements, the South Dakota Department of Education may be required to redirect state aid payments to the bonding agent to satisfy any past due obligations.

The School District has entered into various lease agreements as a lessee of equipment and buildings. The School District is required to make principal and interest payments through 2032 based on the terms of each lease. The lease agreements have interest rates between 3% and 12%, either the rate implicit in the lease or based on the School District's incremental borrowing rate at the inception of the lease if the interest rate implicit in the lease was not readily determinable. The total amount of right-to-use leased assets, and the related accumulated amortization of right-to-use leased assets, was \$5,796,968 and \$1,237,693 respectively, as of June 30, 2023.

Remaining principal and interest payments on lease liabilities are as follows:

Year Ending June 30,	Lease Liabilities		
	Principal	Interest	Total
2024	\$ 556,615	\$ 169,411	\$ 726,026
2025	228,447	154,507	382,954
2026	150,896	147,744	298,640
2027	146,735	142,674	289,409
2028	151,910	137,499	289,409
2029-2033	3,620,126	522,880	4,143,006
	<u>\$ 4,854,729</u>	<u>\$ 1,274,715</u>	<u>\$ 6,129,444</u>

A summary of changes in the component unit's long-term liabilities for the year ended December 31, 2022, is as follows:

Component Unit	Balance January 1, 2022	Issued	Retired	Balance December 31, 2022	Due Within One Year
Direct borrowings	<u>\$ 2,706,128</u>	<u>\$ -</u>	<u>\$ 206,757</u>	<u>\$ 2,499,371</u>	<u>\$ 165,267</u>

The direct borrowing carries a variable interest rate of 3% over the index, which is the monthly average yield on U.S. Treasury securities adjusted to a constant maturity of one year. Monthly payments of principal and interest are due with a balloon payment at maturity in April 2026.

Annual debt service requirements to maturity for capital outlay certificates are as follows:

Year Ending December 31,	Component Unit		
	Principal	Interest	Total
2023	\$ 165,267	\$ 95,559	\$ 260,826
2024	187,399	97,138	284,537
2025	195,914	88,624	284,538
2026	1,950,791	80,016	2,030,807
	<u>\$ 2,499,371</u>	<u>\$ 361,337</u>	<u>\$ 2,860,708</u>

The School District leases the facilities for a portion of Southeast Technical College from the South Dakota Board of Technical Education (the Board). The facilities were constructed by the South Dakota Health and Education Facilities Authority (the Authority) funded by proceeds from bonds issued. The Board leases the facilities from the Authority and then sub-leases it to the School District. The lease agreement between the Board and the Authority calls for rental payments that coincide with the required debt service of the Authority. Currently, the rental payments are being paid from the facility fee fund account maintained by the trustee. The facility fee is a per credit hour fee collected from each student attending the four vocational technical schools in South Dakota assessed by the South Dakota Board of Education. These fees are collected by the School District and remitted to the trustee for the purpose of making the lease rental payments to the Authority that ultimately retire the indebtedness of the Authority related to the facilities constructed at the various vocational technical schools.

As of June 30, 2023, it is anticipated that the facility fees held by the trustee will be sufficient to make the lease rental payments throughout the duration of the leased facilities; therefore, no rent expense or lease liability has been recorded by the School District. The lease term is for 25 years, although there is a cancellation clause for non-appropriation of funds. At the conclusion of the lease, the School District and the Board have the option of renewing the lease on an annual basis for \$100, subject to the restriction on use of the facilities for post-secondary vocational technical education. The School District is responsible for all repair and maintenance costs associated with the facilities.

Note 6 - Restricted Net Position

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

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Capital outlay	Law	\$ 53,582,590
Special education	Law	10,945,645
SDRS pension benefits	Law	28,386,197
Post secondary vocational	Law	4,108,702
Debt service	Law	<u>9,089,902</u>
Total restricted net position		<u><u>\$ 106,113,036</u></u>

Note 7 - Other Post-Employment Benefits

Plan Description

The School District has a single-employer, defined-benefit health care plan. The plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16 and 13-10-3. Benefit provisions were established and may be amended during the negotiated agreement process between School District certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

Benefits Provided

The School District provides health care and life insurance benefits for retirees and their dependents. The benefit terms provide for retirees to participate in the plan by paying 102% of the active employee premium through age 65. The plan also allows retirees to participate in the plan for up to \$10,000 of life insurance benefits by paying 102% of the active employee premium through age 65.

Funding Policy

The School District funds the OPEB benefits on a pay-as-you-go basis; therefore, the School District's obligation is unfunded at June 30, 2023. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At the valuation date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	150
Active employees	<u>2,880</u>
	<u><u>3,030</u></u>

Total OPEB Liability

The School District's total OPEB liability of \$32,284,438 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.50% per annum
Discount rate	3.65% per annum - Bond Buyer 20-Bond GO Muni index
Healthcare cost trend rates	6.75% decreasing by .25% each year to ultimate 4.0% rate

The plan has not had a formal actuarial experience study performed.

Other Assumptions

Mortality	PUB-2010 headcount weighted base mortality table, projected generationally using Scale MP-2021, applied on a gender specific and job class basis
Future Retiree Participation Rate	60% for medical plan and 80% for life insurance plan
Age Difference	Husbands assumed to be three years older than spouse
Termination	Same as 2021 SDRS
Retirement Age	Same as 2021 SDRS

Changes in the Net OPEB Liability

Balance at July 1, 2022	\$ 30,619,367
Service cost	2,082,438
Interest cost	1,135,798
Changes in assumptions or other inputs	(318,907)
Benefit payments	<u>(1,234,258)</u>
Net change	<u>1,665,071</u>
Balance at June 30, 2023	<u><u>\$ 32,284,438</u></u>

Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount rate	2.65%	3.65%	4.65%
Total OPEB Liability	\$ 35,349,000	\$ 32,284,438	\$ 29,518,000

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Selected Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Healthcare trend rate	5.75%	6.75%	7.75%
Total OPEB Liability	\$ 28,145,000	\$ 32,284,438	\$ 37,240,000

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the School District recognized an increase of health insurance expense of approximately \$3,684,000 due to OPEB. At June 30, 2023, the School District reported deferred outflows and 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	\$ 5,134,352	\$ 1,137,961
Changes of assumptions/inputs	2,104,935	1,268,612
Total	<u>\$ 7,239,287</u>	<u>\$ 2,406,573</u>

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 466,183
2025	466,183
2026	466,183
2027	466,183
2028	466,183
Thereafter	2,501,799
	<u>\$ 4,832,714</u>

Note 8 - Litigation

In the ordinary course of business, the School District is party to a number of legal proceedings as a plaintiff or defendant; however, management does not believe that the ultimate disposition of any of these proceedings will have a material effect on the School District's financial position or results of operations.

Note 9 - 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 year ended June 30, 2023, the School District managed its risks as follows:

Employee Health Insurance

The School District has established an Insurance Trust Fund for the purpose of paying claims of the employee group health care benefit plan. Premiums are paid by both the School District and the School District's employees and are charged against the appropriate fund. Excess loss insurance is provided through private insurance carriers for claims exceeding \$300,000 per individual with an unlimited maximum. At June 30, 2023, an estimated liability of \$3,200,000 was accrued for incurred, but not reported, claims. This estimate was based on information obtained from the plan's third-party administrator and past experience of the plan. The Insurance Trust Fund is reported as an internal service fund in these financial statements. The School District is responsible for deficiencies, if any, resulting from claims paid in excess of premiums received. At June 30, 2023, the insurance trust internal service fund had a net position balance of \$8,578,368.

The following is a history of the claims activity for the fund for the years ended June 30, 2023, 2022, and 2021, respectively.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Amount of claim liabilities, beginning of year	\$ 2,800,000	\$ 3,200,000	\$ 3,000,000
Incurred claims	44,948,029	41,568,211	39,179,330
Claims paid	<u>(44,548,029)</u>	<u>(41,968,211)</u>	<u>(38,979,330)</u>
Amount of claim liabilities, end of year	<u>\$ 3,200,000</u>	<u>\$ 2,800,000</u>	<u>\$ 3,200,000</u>

Workers' Compensation Insurance

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.

Liability Insurance

The School District purchases liability insurance for risks related to torts; theft of or damage to property; destruction of assets, 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.

Unemployment Benefits

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. During the year ended June 30, 2023, claims filed for unemployment benefits resulted in the payment of benefits in the amount of \$4,202.

Note 10 - 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, 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 South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <https://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided

SDRS has four different classes of employees: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B 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 retirement benefits that do not meet the above criteria may be payable at a reduced level.

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

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

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 the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B judicial members, 9.0% of salary; and Class B public safety members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2023, 2022, and 2021, were \$11,187,937, \$10,379,611, and \$9,594,414, respectively, equal to the required contributions each year.

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

At June 30, 2022, SDRS is 100.10% funded and, accordingly, has a net pension asset. The proportionate share of the components of the net pension asset of the SDRS, for the School District as of the measurement period ending June 30, 2022, and reported by the School District as of June 30, 2023, are as follows:

Proportionate share of total pension liability	\$ 1,022,509,364
Less proportionate share of net position restricted for pension benefits	<u>1,023,193,901</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (684,537)</u></u>

At June 30, 2023, the School District reported a liability (asset) of (\$684,537) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the School District's proportion was 7.243302%, which is an increase of .193154% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized a reduction of pension expense of \$4,192,335. 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	\$ 13,030,691	\$ 44,438
Changes in assumption	43,507,107	38,128,161
Net difference between projected and actual earnings on pension plan investments	-	1,640,474
Changes in proportion and difference between School District contributions and proportionate share of contributions	79,807	290,809
School District contributions subsequent to the measurement date	<u>11,187,937</u>	<u>-</u>
Total	<u>\$ 67,805,542</u>	<u>\$ 40,103,882</u>

There is \$11,187,937 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date. This 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 (revenue) as follows:

Year Ended June 30:	Amount
2024	\$ 4,473,736
2025	9,438,786
2026	(10,927,493)
2027	<u>13,528,694</u>
Total	<u>\$ 16,513,723</u>

Actuarial Assumptions

The total pension liability (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	7.66% at entry to 3.15% after 25 years of service
Discount rate	6.50% net of plan investment expense. 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
- 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, 2022, 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	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 liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 142,137,912	\$ (684,537)	\$ (117,408,214)

Pension Plan Fiduciary Net Position

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

Note 11 - Early Retirement Plan

The School District has an employment contract which provides for an early retirement benefit. The School District amended the early retirement plan for teachers effective with the year ended June 30, 2019, and for administrators effective with the year ended June 30, 2020. The amended plans provide for an early retirement cash benefit of \$5,000, plus an additional amount for a retiring teacher or administrator's unused sick leave. The total amount of the additional sick leave benefit cannot exceed \$10,000. In addition, there is a nine-year phase-out provision of the previous early retirement plan for administrators. Eligible administrators will be paid under whichever plan provides the higher amount. Benefits under both plans are paid in one annual installment due June 30 of each year paid into a SDRS Special Pay Plan as a 401(a) tax-sheltered contribution, or held to be used to fund future medical insurance premiums. To collect these benefits, notification must be given no later than February 1 of the year in which such retirement will occur. 146 employees were expected to be eligible for early retirement benefits by February 1, 2024, not all of whom were expected to elect early retirement. The early retirement benefits are funded from the applicable fund on a pay-as-you-go basis.

Note 12 - Tax Abatements

Counties and cities located within the School District may enter into property tax abatement agreements with local businesses as a means of retaining or attracting businesses and promoting economic growth and residential development within their respective jurisdiction. Property tax abatements for the year ended June 30, 2023, were approximately \$527,000.

Note 13 - Interfund Balances and Interfund Transfers

At June 30, 2023, the following funds had interfund balances:

Fund	Interfund	
	Receivable	Payable
General	\$ -	\$ 84,520
Capital outlay	907,238	-
Special education	-	22,906
Post secondary vocational	-	7,597
Food service	-	910,789
Community relations	-	2,650
Custodial	121,224	-
	<u>\$ 1,028,462</u>	<u>\$ 1,028,462</u>

The purpose of the interfund balances is for reimbursement of expenses that were incurred during 2023, but not reimbursed until subsequent to June 30, 2023, or to temporarily cover fund operations. The School District expects that all interfund balances will be repaid within 12 months.

During the year ended June 30, 2023, the following interfund transfers occurred:

Transfers from fund:	Transfers to fund:	
	Post Secondary Food Service	New Elementary
Post secondary vocational	\$ 85,000	\$ -
Capital improvement plan	-	100,000
	<u>\$ 85,000</u>	<u>\$ 100,000</u>

Transfers from the post secondary vocational fund to post secondary food service were to supplement operations. Transfers from the capital improvement plan capital projects fund to new elementary capital projects fund were to cover capital outlay expenditures incurred in the new elementary capital projects fund.

Note 14 - Subsequent Events

In July 2023, the School District approved the bid in the approximate amount of \$22,100,000 for construction of the Northwest Elementary School. In January 2024, the School District approved the bid in the approximate amount of \$6,200,000 for construction a Boys & Girls Club addition for the McGovern Middle School.

Sioux Falls School District 49-5



Required Supplementary Information
June 30, 2023

Sioux Falls School District 49-5
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 2,082,438	\$ 1,722,533	\$ 1,671,249	\$ 1,279,768	\$ 1,240,912	\$ 1,194,678
Interest	1,135,798	546,717	528,845	761,471	769,373	749,887
Difference between expected and actual experience	-	6,102,201	-	-	-	-
Changes of assumptions or other inputs	(318,907)	(818,755)	108,006	650,487	719,881	(545,308)
Benefit payments	<u>(1,234,258)</u>	<u>(996,745)</u>	<u>(1,006,133)</u>	<u>(813,640)</u>	<u>(972,656)</u>	<u>(717,703)</u>
Net change in total OPEB liability	1,665,071	6,555,951	1,301,967	1,878,086	1,757,510	681,554
Total OPEB liability - beginning	<u>30,619,367</u>	<u>24,063,416</u>	<u>22,761,449</u>	<u>20,883,363</u>	<u>19,125,853</u>	<u>18,444,299</u>
Total OPEB liability - ending	<u><u>\$ 32,284,438</u></u>	<u><u>\$ 30,619,367</u></u>	<u><u>\$ 24,063,416</u></u>	<u><u>\$ 22,761,449</u></u>	<u><u>\$ 20,883,363</u></u>	<u><u>\$ 19,125,853</u></u>
Covered-employee payroll	\$ 167,906,000	\$ 162,227,970	\$ 156,742,000	\$ 151,442,000	\$ 149,086,436	\$ 146,136,621
District's total OPEB liability as a percentage of covered-employee payroll	19.23%	18.87%	15.35%	15.03%	14.01%	13.09%

*GASB Statement No. 75 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.

Plan Assets

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefit Provision Changes

None.

Changes in Assumptions

Since the last valuation, the following changes of assumptions have been made:

- The discount rates have been updated from 2.16% to 3.65%.
- The trend rates were reset to an initial rate of 6.75%, grading down by .25% per year until reaching the ultimate rate of 4.00% based on current Healthcare Analytics (HCA) Consulting trend study; current economic environment suggests a longer period until reaching the ultimate rate.
- The mortality projection scale was updated from MP-2019 to MP-2021 to reflect the Society of Actuaries' recent mortality study.

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Taxes:				
Ad valorem taxes	\$ 76,355,812	\$ 76,355,812	\$ 77,776,414	\$ 1,420,602
Prior year's ad valorem taxes	-	-	543,969	543,969
Tax deed revenue	-	-	5,409	5,409
Gross receipts taxes	2,000,000	2,000,000	1,212,255	(787,745)
Other taxes	26,000	26,000	235,141	209,141
Penalties and interest on taxes	120,000	120,000	146,606	26,606
Tuition and fees	368,473	370,552	467,695	97,143
Earnings on investments and deposits	700,000	700,000	3,563,804	2,863,804
Co-curricular activities:				
Admissions	294,900	294,900	258,141	(36,759)
Bookstore sales	-	-	6,080	6,080
Other student activity income	144,720	189,720	85,046	(104,674)
Other revenue from local sources:				
Rentals	50,000	50,000	93,955	43,955
Contributions and donations	381,885	381,885	321,185	(60,700)
Judgments	6,355	6,355	6,385	30
Charges for services	450,000	450,000	593,557	143,557
Other	691,760	5,449,075	7,733,174	2,284,099
Revenue from intermediate sources				
County sources:				
County apportionment	1,200,000	1,200,000	711,423	(488,577)
Revenue from state sources				
Grants-in-aid:				
Unrestricted grants-in-aid	98,632,285	98,632,285	96,912,898	(1,719,387)
Restricted grants-in-aid	4,184	4,184	325,707	321,523
Tuition	-	-	46,113	46,113
Other state revenue	-	3,042	9,660	6,618
Revenue from federal sources				
Grants-in-aid:				
Restricted grants-in-aid received directly from federal government	3,315,600	3,864,939	3,656,602	(208,337)
Restricted grants-in-aid received from federal government through the state	19,765,037	21,467,369	23,605,639	2,138,270
Johnson O'Malley funds	13,500	13,500	12,197	(1,303)
Other federal revenue	2,000	38,357	13,246	(25,111)
Total revenues	<u>204,522,511</u>	<u>211,617,975</u>	<u>218,342,301</u>	<u>6,724,326</u>

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instruction				
Regular programs:				
Elementary schools	46,252,507	47,365,938	46,930,651	435,287
Middle/junior high schools	24,976,375	27,385,161	27,039,876	345,285
High school	31,854,539	33,055,313	33,595,160	(539,847)
Preschool services	-	721,876	576,774	145,102
Special programs:				
Gifted and talented	832,781	849,728	848,261	1,467
Culturally different	7,382,704	6,817,015	6,307,022	509,993
Educationally deprived	6,997,626	4,858,054	4,606,038	252,016
Other special programs	8,932,405	7,259,332	6,000,695	1,258,637
Support services				
Pupils:				
Attendance and social work	1,256,414	1,295,112	1,472,377	(177,265)
Guidance	6,247,129	7,084,516	7,041,932	42,584
Health	1,477,575	1,449,601	1,467,285	(17,684)
Psychological	-	-	5	(5)
Orientation and mobility services	-	2,474	69	2,405
Support services - instructional staff:				
Improvement of instruction	9,080,242	8,675,847	8,252,427	423,420
Educational media	4,005,914	4,444,601	4,301,213	143,388
Support services - general administration:				
Board of Education	1,164,614	1,124,924	1,545,096	(420,172)
Executive administration	2,684,147	1,076,045	1,144,941	(68,896)
Support services - school administration:				
Office of the Principal	15,338,671	16,058,651	15,233,194	825,457
Title I program administration	-	30,013	27,702	2,311
Other support services	1,993,405	2,300,877	2,016,952	283,925
Support services - business:				
Fiscal services	1,753,800	1,738,194	1,878,770	(140,576)
Operation and maintenance of plant	23,692,801	23,627,135	22,813,970	813,165
Pupil transportation	5,407,697	6,854,260	6,622,761	231,499
Food services	298,536	852,781	973,352	(120,571)
Internal services	-	1,000	415,802	(414,802)
Support services - central:				
Planning	-	966,917	921,952	44,965
Staff	-	1,316,801	1,545,589	(228,788)
Data processing	4,046,850	4,359,682	4,608,848	(249,166)
Community services				
Nonpublic school	-	204,473	181,564	22,909
Other	558,908	78,300	91,101	(12,801)
Nonprogrammed costs				
Payments to state - unemployment	-	15,000	4,202	10,798
Early retirement payments	1,039,283	1,000,000	243,344	756,656
Co-curricular activities				
Male activities	1,500,000	2,089,296	2,105,815	(16,519)
Female activities	1,300,000	1,878,128	1,857,483	20,645
Combined activities	2,717,618	3,374,586	3,492,008	(117,422)
Total expenditures	<u>212,792,541</u>	<u>220,211,631</u>	<u>216,164,231</u>	<u>4,047,400</u>
Excess of Revenue over (under) Expenditures	<u>(8,270,030)</u>	<u>(8,593,656)</u>	<u>2,178,070</u>	<u>10,771,726</u>

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	4,250,000	4,250,000	-	(4,250,000)
Total other financing sources (uses)	4,250,000	4,250,000	-	(4,250,000)
Net Change in Fund Balances	(4,020,030)	(4,343,656)	2,178,070	6,521,726
Fund Balance - Beginning	32,279,777	32,279,777	32,279,777	-
Fund Balance - Ending	\$ 28,259,747	\$ 27,936,121	\$ 34,457,847	\$ 6,521,726

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Taxes:				
Ad valorem taxes	\$ 32,458,734	\$ 32,458,734	\$ 34,008,419	\$ 1,549,685
Prior year's ad valorem taxes	-	-	227,945	227,945
Other taxes	11,000	11,000	103,319	92,319
Penalties and interest on taxes	-	-	46,989	46,989
Tuition and fees	40,572	40,572	42,054	1,482
Earnings on investments and deposits	260,000	260,000	1,680,494	1,420,494
Other revenue from local sources:				
Rentals	-	-	9,600	9,600
Contributions and donations	41,155	41,155	41,155	-
Judgments	20,655	20,655	21,214	559
Other	2,190	649,196	570,369	(78,827)
Revenue from federal sources				
Grants-in-aid:				
Restricted grants-in-aid received directly from federal government	-	3,500	198,237	194,737
Restricted grants-in-aid received from federal government through the state	-	294,168	1,832,451	1,538,283
Other federal revenue	4,723,165	4,723,165	273,336	(4,449,829)
Total revenues	<u>37,557,471</u>	<u>38,502,145</u>	<u>39,055,582</u>	<u>553,437</u>
Expenditures				
Instruction				
Regular programs:				
Elementary schools	2,378,424	2,436,533	2,319,257	117,276
Middle/junior high schools	1,289,466	1,409,142	824,720	584,422
High school	1,417,626	1,684,634	1,717,370	(32,736)
Preschool services	-	3,500	3,394	106
Special programs:				
Programs for special education	-	7,284	17,101	(9,817)
Other special programs	-	37,771	208,148	(170,377)
Support services				
Pupils:				
Health	29,379	29,379	29,454	(75)
Support services - instructional staff:				
Improvement of instruction	-	2,662	2,662	-
Educational media	-	64,755	13,019	51,736
Support services - general administration:				
Executive administration	-	-	3,416	(3,416)
Support services - school administration:				
Office of the Principal	-	75,703	32,086	43,617
Other support services	-	-	1,065	(1,065)
Support services - business:				
Fiscal services	898,144	33,867	351,075	(317,208)
Facilities acquisition and construction	8,126,298	9,592,661	5,059,069	4,533,592
Operation and maintenance of plant	1,184,572	792,813	720,266	72,547
Pupil transportation	-	-	1,000	(1,000)
Support services - central:				
Planning	-	-	2,850	(2,850)
Data processing	295,390	908,836	678,918	229,918

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community services				
Nonpublic school	-	-	17,546	(17,546)
Nonprogrammed charges				
Other nonprogrammed costs	-	883,144	1,080,331	(197,187)
Debt services	11,776,535	11,776,535	11,776,534	1
Co-curricular activities				
Male activities	400,000	450,868	370,182	80,686
Female activities	300,000	436,557	254,098	182,459
Combined activities	131,080	301,738	267,738	34,000
Total expenditures	<u>28,226,914</u>	<u>30,928,382</u>	<u>25,751,299</u>	<u>5,177,083</u>
Excess of Revenue over Expenditures	<u>9,330,557</u>	<u>7,573,763</u>	<u>13,304,283</u>	<u>5,730,520</u>
Other Financing Sources (Uses)				
Transfers out	(4,250,000)	(4,250,000)	-	4,250,000
Sale of surplus property	-	13,858	19,690	(5,832)
Total other financing sources (uses)	<u>(4,250,000)</u>	<u>(4,236,142)</u>	<u>19,690</u>	<u>4,244,168</u>
Net Change in Fund Balances	5,080,557	3,337,621	13,323,973	9,974,688
Fund Balance - Beginning	<u>45,044,674</u>	<u>45,044,674</u>	<u>45,044,674</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 50,125,231</u>	<u>\$ 48,382,295</u>	<u>\$ 58,368,647</u>	<u>\$ 9,974,688</u>

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Special Education Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Taxes:				
Ad valorem taxes	\$ 23,623,600	\$ 23,623,600	\$ 24,552,810	\$ 929,210
Prior year's ad valorem taxes	-	-	160,041	160,041
Other taxes	8,000	8,000	74,504	66,504
Penalties and interest on taxes	15,000	15,000	32,267	17,267
Tuition and fees	117,000	117,000	269,080	152,080
Earnings on investments and deposits	130,000	130,000	369,220	239,220
Other revenue from local sources:				
Contributions and donations	-	9,625	9,625	-
Charges for services	500,000	500,000	473,744	(26,256)
Other	-	-	8,733	8,733
Revenue from state sources				
Grants-in-aid:				
Restricted grants-in-aid	22,156,527	22,156,527	20,947,697	(1,208,830)
Tuition	10,000	10,000	101,297	91,297
Revenue from federal sources				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	6,160,000	6,273,331	8,113,940	1,840,609
Total revenues	<u>52,720,127</u>	<u>52,843,083</u>	<u>55,112,958</u>	<u>2,269,875</u>
Expenditures				
Instruction				
Special programs:				
Programs for special education	37,642,936	35,823,478	35,832,601	(9,123)
Coordinated early intervening services instruction	-	1,058,919	771,680	287,239
Support services				
Pupils:				
Health	-	10,300	18,616	(8,316)
Psychological	-	41,200	4,185	37,015
Speech pathology	3,341,014	3,380,552	3,829,514	(448,962)
Student therapy services	2,553,691	2,550,872	2,500,218	50,654
Orientation and mobility services	205,323	143,567	147,763	(4,196)
Support services - special education:				
Administrative costs	2,796,053	2,215,683	3,716,411	(1,500,728)
Transportation costs	3,208,485	3,478,071	2,962,732	515,339
Other special education costs	3,615,893	5,193,873	3,862,861	1,331,012
Nonprogrammed charges				
Early retirement payments	123,375	120,000	40,838	79,162
Debt services	-	-	61,914	(61,914)
Total expenditures	<u>53,486,770</u>	<u>54,016,515</u>	<u>53,749,333</u>	<u>267,182</u>
Net Change in Fund Balances	(766,643)	(1,173,432)	1,363,625	2,537,057
Fund Balance - Beginning	<u>9,445,344</u>	<u>9,445,344</u>	<u>9,445,344</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 8,678,701</u>	<u>\$ 8,271,912</u>	<u>\$ 10,808,969</u>	<u>\$ 2,537,057</u>

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Post Secondary Vocational Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Tuition and fees	\$ 252,172	\$ 252,172	\$ 363,790	\$ 111,618
Post secondary program tuition and fees	13,393,991	13,393,991	13,862,755	468,764
Earnings on investments and deposits	14,977	14,977	273,046	258,069
Co-curricular activities:				
Bookstore sales	624,050	624,050	658,990	34,940
Post secondary:				
Resales/services - occupational programs	92,000	92,000	85,892	(6,108)
Other revenue from local sources:				
Rentals	25,000	25,000	20,250	(4,750)
Contributions and donations	4,750,000	4,750,000	1,171,183	(3,578,817)
Judgments	-	-	39,059	39,059
Other	446,939	446,939	486,379	39,440
Revenue from state sources				
Grants-in-aid:				
Unrestricted grants-in-aid	9,207,352	9,207,352	9,024,823	(182,529)
Other state revenue	5,152,900	5,152,900	1,242,765	(3,910,135)
Revenue from federal sources				
Restricted grants-in-aid received from federal government through the state				
	1,162,206	1,162,206	883,115	(279,091)
Other federal revenue	2,637,590	2,637,590	2,091,358	(546,232)
Total revenues	37,759,177	37,759,177	30,203,405	(7,555,772)
Expenditures				
Instruction				
Adult continuing education programs	391,340	391,340	313,113	78,227
Post secondary occupational programs	17,003,888	17,042,241	12,652,973	4,389,268
Support services				
Pupils:				
Guidance	1,180,926	1,180,926	1,080,402	100,524
Support services - instructional staff:				
Improvement of instruction	1,529,052	1,437,927	1,657,142	(219,215)
Support services - general administration:				
Board of Education	327,750	327,750	381,452	(53,702)
Executive administration	-	105,296	103,315	1,981
Support services - school administration:				
Financial aid administration	377,643	377,643	379,364	(1,721)
Other support services	3,741,384	3,728,884	3,720,051	8,833
Support services - business:				
Fiscal services	988,909	988,909	1,171,987	(183,078)
Facilities acquisition and construction	6,303,097	6,303,097	6,273,466	29,631
Operation and maintenance of plant	4,457,135	2,148,845	2,148,975	(130)
Internal services	63,000	63,000	14,014	48,986
Support services - central:				
Staff	12,500	12,500	10,033	2,467
Data processing	1,898,865	4,310,780	3,729,596	581,184

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Post Secondary Vocational Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community services				
Nonpublic school	-	-	-	-
Other	105,296	-	-	-
Debt services	-	-	225,792	(225,792)
Co-curricular activities				
Combined activities	13,392	13,392	23,489	(10,097)
Total expenditures	<u>38,394,177</u>	<u>38,432,530</u>	<u>33,885,164</u>	<u>4,547,366</u>
Excess of Revenue under Expenditures	<u>(635,000)</u>	<u>(673,353)</u>	<u>(3,681,759)</u>	<u>(3,008,406)</u>
Other Financing Sources (Uses)				
Transfers out	(85,000)	(85,000)	(85,000)	-
Lease proceeds	-	-	4,045,516	4,045,516
Total other financing sources (uses)	<u>(85,000)</u>	<u>(85,000)</u>	<u>3,960,516</u>	<u>4,045,516</u>
Net Change in Fund Balances	(720,000)	(758,353)	278,757	1,037,110
Fund Balance - Beginning	<u>4,350,810</u>	<u>4,350,810</u>	<u>4,350,810</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,630,810</u>	<u>\$ 3,592,457</u>	<u>\$ 4,629,567</u>	<u>\$ 1,037,110</u>

Note 1 - Budgets and Budgetary Accounting

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

1. Prior to the first regular School Board meeting in May of each year, a proposed budget is prepared for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
6. 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 Number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% 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.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when money is available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the School Board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
11. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2 - U.S. GAAP and Budgetary Accounting Basis Differences

The School District is reporting financial position, results of operations, and changes in fund balances on the basis of GAAP, while the budgetary comparison schedules are presented on the budgetary basis to provide meaningful comparison of actual results with the budget. There are no major differences between the budgetary basis and the GAAP basis presented.

Sioux Falls School District 49-5
Schedule of Employer's Share of Net Pension Liability (Asset)
Year Ended June 30, 2023

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2023	7.2433%	\$ (684,537)	\$ 172,617,699	-0.4%	100.10%
SDRS	6/30/2022	7.0501%	(53,992,068)	159,469,039	-33.9%	105.52%
SDRS	6/30/2021	7.0940%	(308,079)	155,059,071	-0.2%	100.04%
SDRS	6/30/2020	7.2080%	(763,873)	152,782,829	-0.5%	100.09%
SDRS	6/30/2019	7.2250%	(168,498)	149,876,141	-0.1%	100.02%
SDRS	6/30/2018	7.1260%	(646,650)	144,439,370	-0.4%	100.10%
SDRS	6/30/2017	6.9870%	23,600,235	132,577,390	17.8%	96.89%
SDRS	6/30/2016	7.0950%	(30,092,793)	129,193,358	-23.3%	104.10%
SDRS	6/30/2015	7.0820%	(51,024,154)	123,552,733	-41.3%	107.30%

*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.

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

Sioux Falls School District 49-5
 Schedule of Employer's Contributions
 Year Ended June 30, 2023

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
SDRS	6/30/2023	\$ 11,187,937	11,187,937	\$ -	\$ 186,022,663	6.0%
SDRS	6/30/2022	10,379,611	10,379,611	-	172,617,699	6.0%
SDRS	6/30/2021	9,594,414	9,594,414	-	159,469,039	6.0%
SDRS	6/30/2020	9,331,331	9,331,331	-	155,059,071	6.0%
SDRS	6/30/2019	9,188,464	9,188,464	-	152,782,829	6.0%
SDRS	6/30/2018	9,015,464	9,015,464	-	149,876,141	6.0%
SDRS	6/30/2017	8,682,042	8,682,042	-	144,439,370	6.0%
SDRS	6/30/2016	7,975,665	7,975,665	-	132,577,390	6.0%
SDRS	6/30/2015	7,769,377	7,769,377	-	129,193,358	6.0%

*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.

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%.

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 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.

Sioux Falls School District 49-5



Supplementary Information
June 30, 2023

Sioux Falls School District 49-5
Combining Balance Sheets – Nonmajor Governmental Funds
June 30, 2023

	Debt Service Fund	Capital Project Funds			Totals	
	Bond Redemption	New Elementary	Hail Damage	New High School		New Middle School
Assets						
Cash and cash equivalents	\$ 7,106,904	\$ 38,176	\$ 425,291	\$ 5,134,042	\$ 5,710,082	\$ 18,414,495
Taxes receivable - current	5,605,726	-	-	-	-	5,605,726
Taxes receivable - delinquent	114,966	-	-	-	-	114,966
Total assets	\$ 12,827,596	\$ 38,176	\$ 425,291	\$ 5,134,042	\$ 5,710,082	\$ 24,135,187
Liabilities						
Accounts payable	\$ -	\$ 64,945	\$ -	\$ -	\$ 86,240	\$ 151,185
Total liabilities	-	64,945	-	-	86,240	151,185
Deferred Inflows of Resources						
Unavailable revenue-delinquent property taxes	114,966	-	-	-	-	114,966
Taxes levied for future period	5,990,314	-	-	-	-	5,990,314
Total deferred inflows of resources	6,105,280	-	-	-	-	6,105,280
Fund Balances						
Restricted for:						
Debt service	6,722,316	-	-	-	-	6,722,316
Capital projects	-	-	-	5,134,042	5,623,842	10,757,884
Assigned for:						
Hail damage projects	-	-	425,291	-	-	425,291
760 Unassigned	-	(26,769)	-	-	-	(26,769)
Total fund balances (deficit)	6,722,316	(26,769)	425,291	5,134,042	5,623,842	17,878,722
	\$ 12,827,596	\$ 38,176	\$ 425,291	\$ 5,134,042	\$ 5,710,082	\$ 24,135,187

Sioux Falls School District 49-5

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2023

	Debt Service Fund	Capital Project Funds			Totals
	Bond Redemption	New Elementary	Hail Damage	New High School	
Revenues					
Revenue from local sources					
Taxes:					
Ad valorem taxes	\$ 10,886,215	\$ -	\$ -	\$ -	\$ -
Prior year's ad valorem taxes	59,866	-	-	-	-
Other taxes	33,161	-	-	-	-
Penalties and interest on taxes	11,664	-	-	-	-
Earnings on investments and deposits	107,336	12	-	-	156,190
Other revenue from local sources:					
Judgments	-	-	-	149,732	-
Total revenues	<u>11,098,242</u>	<u>12</u>	<u>-</u>	<u>149,732</u>	<u>156,190</u>
Expenditures					
Debt services	9,173,723	-	-	-	-
Capital outlay	-	624,025	-	360,310	396,249
Total expenditures	<u>9,173,723</u>	<u>624,025</u>	<u>-</u>	<u>360,310</u>	<u>396,249</u>
Excess of Revenue over (under) Expenditures	<u>1,924,519</u>	<u>(624,013)</u>	<u>-</u>	<u>(210,578)</u>	<u>(240,059)</u>
Other Financing Sources (Uses)					
Transfers in	-	100,000	-	-	-
Total other financing sources	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,924,519	(524,013)	-	(210,578)	(240,059)
Fund Balance - Beginning	<u>4,797,797</u>	<u>497,244</u>	<u>425,291</u>	<u>5,344,620</u>	<u>5,863,901</u>
Fund Balance (Deficit) - Ending	<u>\$ 6,722,316</u>	<u>\$ (26,769)</u>	<u>\$ 425,291</u>	<u>\$ 5,134,042</u>	<u>\$ 5,623,842</u>

Sioux Falls School District 49-5
Combining Statements of Net Position – Nonmajor Proprietary Funds
June 30, 2023

	Enterprise Funds					Internal Service Funds			
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Assets									
Current assets									
Cash and cash equivalents	\$ 1,107,115	\$ 2,059	\$ 180,521	\$ 597,861	\$ (11,823)	\$ 1,875,733	\$ 10,521,400	\$ 752,783	\$ 11,274,183
Accounts receivable, net	48,922	-	10,352	-	292,962	352,236	1,323,760	-	1,323,760
Due from other governments	-	2,616	-	-	-	2,616	-	-	-
Inventory of supplies	1,029,096	3,771	-	-	-	1,032,867	-	-	-
Prepaid expenses	-	-	4,554	12,845	-	17,399	-	-	-
Total current assets	2,185,133	8,446	195,427	610,706	281,139	3,280,851	11,845,160	752,783	12,597,943
Noncurrent Assets									
Advance to imprest	-	-	-	15,000	-	15,000	-	-	-
Net pension asset	572	351	655	15,562	-	17,140	-	-	-
Capital assets									
Buildings	23,720	-	-	-	-	23,720	-	-	-
Improvements other than buildings	-	-	6,866	-	-	6,866	-	-	-
Machinery and equipment	286,998	205,760	10,303	154,874	11,129	669,064	-	181,159	181,159
Accumulated depreciation	(279,812)	(147,240)	(16,298)	(72,385)	(5,613)	(521,348)	-	(179,036)	(179,036)
Right-of-use lease assets	-	-	-	-	-	-	-	1,182,634	1,182,634
Accumulated amortization	-	-	-	-	-	-	-	(767,114)	(767,114)
Total noncurrent assets	31,478	58,871	1,526	113,051	5,516	210,442	-	417,643	417,643
Deferred Outflows of Resources									
Pension related deferred outflows	56,696	34,761	64,914	1,541,491	-	1,697,862	-	-	-
OPEB related deferred outflows	6,176	3,718	6,830	145,793	-	162,517	-	-	-
Total deferred outflows of resources	62,872	38,479	71,744	1,687,284	-	1,860,379	-	-	-
	\$ 2,279,483	\$ 105,796	\$ 268,697	\$ 2,411,041	\$ 286,655	\$ 5,351,672	\$ 11,845,160	\$ 1,170,426	\$ 13,015,586

Sioux Falls School District 49-5
Combining Statements of Net Position – Nonmajor Proprietary Funds
June 30, 2023

						Internal Service Funds			
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Liabilities									
Current Liabilities									
Accounts payable	\$ 72,266	\$ 769	\$ 207	\$ 116,299	\$ 21,880	\$ 211,421	\$ 66,792	\$ (9,769)	\$ 57,023
Contracts and benefits payable	9,441	5,810	18,938	727,485	3,414	765,088	-	2,995	2,995
Sales tax payable	914	389	-	-	13,995	15,298	-	-	-
Incurring but not reported claims	-	-	-	-	-	-	3,200,000	-	3,200,000
Due to other funds	-	-	-	2,650	-	2,650	-	-	-
Payroll deductions and withholdings and employer matching payable	-	-	-	-	-	-	-	-	-
Accrued vacation payable	16,080	10,492	-	78,160	-	104,732	-	15,920	15,920
Deposits payable	-	-	-	10,937	-	10,937	-	-	-
Total current liabilities	<u>98,701</u>	<u>17,460</u>	<u>19,145</u>	<u>935,531</u>	<u>39,289</u>	<u>1,110,126</u>	<u>3,266,792</u>	<u>9,146</u>	<u>3,275,938</u>
Noncurrent Liabilities									
Net OPEB obligation	27,545	16,581	30,459	650,181	-	724,766	-	-	-
Lease liabilities	-	-	-	-	-	-	-	441,841	441,841
Total noncurrent liabilities	<u>27,545</u>	<u>16,581</u>	<u>30,459</u>	<u>650,181</u>	<u>-</u>	<u>724,766</u>	<u>-</u>	<u>441,841</u>	<u>441,841</u>
Deferred Inflows of Resources									
Pension related deferred inflows	33,533	20,560	38,394	911,722	-	1,004,209	-	-	-
OPEB related deferred inflows	2,053	1,236	2,270	48,466	-	54,025	-	-	-
Total deferred inflows of resources	<u>35,586</u>	<u>21,796</u>	<u>40,664</u>	<u>960,188</u>	<u>-</u>	<u>1,058,234</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position									
Net investment in capital assets	30,906	58,520	871	82,489	5,516	178,302	-	(24,198)	(24,198)
Restricted for pension benefits	23,735	14,552	27,175	645,331	-	710,793	-	-	-
Unrestricted net position	<u>2,063,010</u>	<u>(23,113)</u>	<u>150,383</u>	<u>(862,679)</u>	<u>241,850</u>	<u>1,569,451</u>	<u>8,578,368</u>	<u>743,637</u>	<u>9,322,005</u>
Total net position	<u>2,117,651</u>	<u>49,959</u>	<u>178,429</u>	<u>(134,859)</u>	<u>247,366</u>	<u>2,458,546</u>	<u>8,578,368</u>	<u>719,439</u>	<u>9,297,807</u>
	<u>\$ 2,279,483</u>	<u>\$ 105,796</u>	<u>\$ 268,697</u>	<u>\$ 2,411,041</u>	<u>\$ 286,655</u>	<u>\$ 5,351,672</u>	<u>\$ 11,845,160</u>	<u>\$ 1,170,426</u>	<u>\$ 13,015,586</u>

Sioux Falls School District 49-5

Combining Statements of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds
Year Ended June 30, 2023

						Internal Service Funds			
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Operating Revenues									
Sales									
Tuition	\$ -	\$ -	\$ -	\$ 4,646,200	\$ -	\$ 4,646,200	\$ -	\$ -	\$ -
To pupils	-	225,100	-	-	-	225,100	-	-	-
To adults	-	38,113	-	-	-	38,113	-	-	-
Bookstore sales	1,808,363	-	-	-	-	1,808,363	-	-	-
Self-insurance premiums	-	-	-	-	-	-	45,950,460	-	45,950,460
Daycare charges for services	-	-	273,945	-	-	273,945	-	-	-
Other local revenue	12,653	13,060	9,255	2,199,897	310,066	2,544,931	-	597,952	597,952
Total operating revenues	1,821,016	276,273	283,200	6,846,097	310,066	9,536,652	45,950,460	597,952	46,548,412
Operating Expenses									
Salaries	204,797	159,115	244,476	5,313,039	6,187	5,927,614	-	164,256	164,256
Employee benefits	50,883	36,752	76,611	1,376,436	844	1,541,526	-	34,266	34,266
Purchased services	21,270	9,299	456	394,110	16,170	441,305	4,055,976	42,748	4,098,724
Supplies	1,349,552	172,333	5,907	282,409	226,401	2,036,602	21,222	56,813	78,035
Cost of sales - purchased	256	-	679	339,068	-	340,003	-	-	-
Other	96,186	2,351	5,085	51,285	1,499	156,406	44,976,355	-	44,976,355
Depreciation	6,475	18,978	343	15,065	613	41,474	-	14,856	14,856
Amortization	-	-	-	-	-	-	-	383,557	383,557
Total operating expenses	1,729,419	398,828	333,557	7,771,412	251,714	10,484,930	49,053,553	696,496	49,750,049
Operating Income (Loss)	91,597	(122,555)	(50,357)	(925,315)	58,352	(948,278)	(3,103,093)	(98,544)	(3,201,637)

Sioux Falls School District 49-5

Combining Statements of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds
Year Ended June 30, 2023

						Internal Service Funds			
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Nonoperating Revenue									
Local sources:									
Investment earnings	-	-	-	-	-	-	355,737	-	355,737
Federal sources:									
Federal grants	-	-	51,912	137,525	-	189,437	-	-	-
Total nonoperating revenue	-	-	51,912	137,525	-	189,437	355,737	-	355,737
Nonoperating Expense									
Interest expense	-	-	-	-	-	-	-	(20,507)	(20,507)
Total nonoperating revenue (expense)	-	-	51,912	137,525	-	189,437	355,737	(20,507)	335,230
Income (Loss) Before Transfers	91,597	(122,555)	1,555	(787,790)	58,352	(758,841)	(2,747,356)	(119,051)	(2,866,407)
Transfers in	-	85,000	-	-	-	85,000	-	-	-
Change in Net Position	91,597	(37,555)	1,555	(787,790)	58,352	(673,841)	(2,747,356)	(119,051)	(2,866,407)
Net Position - Beginning	2,026,054	87,514	176,874	652,931	189,014	3,132,387	11,325,724	838,490	12,164,214
Net Position (Deficit) - Ending	<u>\$ 2,117,651</u>	<u>\$ 49,959</u>	<u>\$ 178,429</u>	<u>\$ (134,859)</u>	<u>\$ 247,366</u>	<u>\$ 2,458,546</u>	<u>\$ 8,578,368</u>	<u>\$ 719,439</u>	<u>\$ 9,297,807</u>

Sioux Falls School District 49-5
Combining Statements of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2023

						Internal Service Funds			
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Cash Flows from (used for) Operating Activities									
Cash receipts from customers	\$ 1,790,625	\$ 263,582	\$ 274,808	\$ 4,646,835	\$ -	\$ 6,975,850	\$ -	\$ -	\$ -
Cash receipts from interfund services provided	-	-	-	-	-	-	46,495,924	-	46,495,924
Other operating cash receipts	12,653	13,060	9,255	2,199,897	200,454	2,435,319	-	597,952	597,952
Payments to employees	(253,439)	(197,205)	(322,999)	(6,670,089)	(3,617)	(7,447,349)	-	(189,401)	(189,401)
Payments to suppliers	(1,759,139)	(184,896)	(16,799)	(1,030,206)	(239,568)	(3,230,608)	(4,077,198)	(103,552)	(4,180,750)
Payments for claims	-	-	-	-	-	-	(44,548,029)	-	(44,548,029)
Net Cash from (used for) Operating Activities	<u>(209,300)</u>	<u>(105,459)</u>	<u>(55,735)</u>	<u>(853,563)</u>	<u>(42,731)</u>	<u>(1,266,788)</u>	<u>(2,129,303)</u>	<u>304,999</u>	<u>(1,824,304)</u>
Cash Flows from (used for) Noncapital Financing Activities									
Transfers in from other funds	-	85,000	-	-	-	85,000	-	-	-
Operating subsidies and grants	-	(1,616)	51,912	512,945	-	563,241	-	-	-
Net Cash from Noncapital Financing Activities	<u>-</u>	<u>83,384</u>	<u>51,912</u>	<u>512,945</u>	<u>-</u>	<u>648,241</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows used for Capital and Related Financing Activities									
Cash paid for lease liabilities - principal	-	-	-	-	-	-	-	(376,256)	(376,256)
Cash paid for lease liabilities - interest	-	-	-	-	-	-	-	(20,507)	(20,507)
Purchase of capital assets	(1,234)	-	-	(13,218)	(6,129)	(20,581)	-	-	-
Net Cash used for Capital and Related Financing Activities	<u>(1,234)</u>	<u>-</u>	<u>-</u>	<u>(13,218)</u>	<u>(6,129)</u>	<u>(20,581)</u>	<u>-</u>	<u>(396,763)</u>	<u>(396,763)</u>
Cash Flows from Investing Activities									
Cash received for interest	-	-	-	-	-	-	355,737	-	355,737
Net Cash from Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,737</u>	<u>-</u>	<u>355,737</u>
Net Change in Cash and Cash Equivalents	(210,534)	(22,075)	(3,823)	(353,836)	(48,860)	(639,128)	(1,773,566)	(91,764)	(1,865,330)
Cash and Cash Equivalents, Beginning of Year	1,317,649	24,134	184,344	951,697	37,037	2,514,861	12,294,966	844,547	13,139,513
Cash and Cash Equivalents, End of Year	<u>\$ 1,107,115</u>	<u>\$ 2,059</u>	<u>\$ 180,521</u>	<u>\$ 597,861</u>	<u>\$ (11,823)</u>	<u>\$ 1,875,733</u>	<u>\$ 10,521,400</u>	<u>\$ 752,783</u>	<u>\$ 11,274,183</u>

Sioux Falls School District 49-5
Combining Statements of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2023

							Internal Service Funds		
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities									
Operating income (loss)	\$ 91,597	\$ (122,555)	\$ (50,357)	\$ (925,315)	\$ 58,352	\$ (948,278)	\$ (3,103,093)	\$ (98,544)	\$ (3,201,637)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:									
Depreciation and amortization expense	6,475	18,978	343	15,065	613	41,474	-	398,413	398,413
Change in assets and liabilities:									
Receivables	(17,738)	369	863	-	(109,612)	(126,118)	545,464	-	545,464
Inventories	(243,685)	1,717	-	-	-	(241,968)	-	-	-
Prepaid expenses	-	-	(4,554)	(9,379)	-	(13,933)	-	-	-
Pension asset and deferred outflows	21,520	28,133	66,886	1,388,127	-	1,504,666	-	-	-
OPEB deferred outflows	(1,398)	281	1,353	16,987	-	17,223	-	-	-
Accounts and other payables	(48,190)	(2,630)	(118)	45,729	4,502	(707)	428,326	(3,991)	424,335
Contracts payable	(1,122)	(435)	116	65,054	3,414	67,027	-	(2,414)	(2,414)
Due to other funds	-	-	-	316	-	316	-	-	-
Accrued vacation payable	3,844	197	-	3,394	-	7,435	-	11,535	11,535
Deposits payable	-	-	-	635	-	635	-	-	-
Pension liability and deferred inflows	(30,427)	(30,781)	(69,133)	(1,479,169)	-	(1,609,510)	-	-	-
OPEB liability and deferred inflows	9,824	1,267	(1,134)	24,993	-	34,950	-	-	-
Net Cash from (used for) Operating Activities	<u>\$ (209,300)</u>	<u>\$ (105,459)</u>	<u>\$ (55,735)</u>	<u>\$ (853,563)</u>	<u>\$ (42,731)</u>	<u>\$ (1,266,788)</u>	<u>\$ (2,129,303)</u>	<u>\$ 304,999</u>	<u>\$ (1,824,304)</u>

Sioux Falls School District 49-5
Combining Statements of Fiduciary Net Position – Custodial Funds
June 30, 2023

	Flexible Spending Accounts	HEFA Fees	Other Custodial Funds	Totals
Assets				
Cash and cash equivalents	\$ 438,185	\$ 84,604	\$ 26,705	\$ 549,494
Due from other funds	121,224	-	-	121,224
Total assets	<u>\$ 559,409</u>	<u>\$ 84,604</u>	<u>\$ 26,705</u>	<u>\$ 670,718</u>
Liabilities				
Due to local governments	\$ -	\$ 84,604	\$ -	\$ 84,604
Total liabilities	<u>\$ -</u>	<u>\$ 84,604</u>	<u>\$ -</u>	<u>\$ 84,604</u>
Net Position				
Restricted for individuals and organizations	<u>\$ 559,409</u>	<u>\$ -</u>	<u>\$ 26,705</u>	<u>\$ 586,114</u>

Sioux Falls School District 49-5
Combining Statements of Changes in Fiduciary Net Position – Custodial Funds
Year Ended June 30, 2023

	Flexible Spending Accounts	HEFA Fees	Other Custodial Funds	Totals
Additions				
Fees collected for other governments	\$ -	\$ 1,987,090	\$ -	\$ 1,987,090
Employee contributions	1,492,904	-	-	1,492,904
Other	-	-	21,199	21,199
Total additions	1,492,904	1,987,090	21,199	3,501,193
Deductions				
Payment of fees to other governments	-	1,987,090	-	1,987,090
Payments to employees	1,388,977	-	-	1,388,977
Other	-	-	15,230	15,230
Total deductions	1,388,977	1,987,090	15,230	3,391,297
Change in net position	103,927	-	5,969	109,896
Net position - beginning	455,482	-	20,736	476,218
Net position - ending	<u>\$ 559,409</u>	<u>\$ -</u>	<u>\$ 26,705</u>	<u>\$ 586,114</u>



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*

The School Board
Sioux Falls School District 49-5
Sioux Falls, 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Sioux Falls School District 49-5 (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated March 22, 2024. Our opinion was qualified with respect to Food Service Fund results of operations and cash flows and business-type activities results of operations as we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the School District’s Food Service Fund inventory as of June 30, 2022, and the opening balances of inventory enter into the determination of the change in net position and cash flows for the year ended June 30, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from 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*.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit as described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Aberdeen, South Dakota
March 22, 2024



**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the School Board
Sioux Falls School District 49-5
Sioux Falls, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sioux Falls School District 49-5’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Sioux Falls School District 49-5’s major federal programs for the year ended June 30, 2023. Sioux Falls School District 49-5’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sioux Falls School District 49-5 complied, in all material respects, with the 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 Sioux Falls School District 49-5 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 Sioux Falls School District 49-5’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 Sioux Falls School District 49-5’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 Sioux Falls School District 49-5'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 Sioux Falls School District 49-5'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 Sioux Falls School District 49-5'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 Sioux Falls School District 49-5'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 Sioux Falls School District 49-5'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-004, and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Sioux Falls School District 49-5's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Sioux Falls School District 49-5's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-005 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-004 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Sioux Falls School District 49-5's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Sioux Falls School District 49-5's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 purpose.



Aberdeen, South Dakota
March 22, 2024

Sioux Falls School District 49-5
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Pass-Through the SD Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	*	\$ 1,051,488
Cash Assistance:			
School Breakfast Program	10.553	*	1,535,314
COVID - 19 National School Lunch Program (Emergency Operating Reimbursement)	10.555	*	614,418
National School Lunch Program	10.555	*	6,496,840
Summer Food Service Program for Children	10.559	*	131,057
Cash Assistance Total:			<u>8,777,629</u>
Fresh Fruit and Vegetable Program	10.582	*	<u>548,841</u>
Total for Child Nutrition Cluster			<u>10,377,958</u>
Child and Adult Care Food Program	10.558	*	<u>14,225</u>
Total U.S. Department of Agriculture			<u>10,392,183</u>
U.S. Department of Defense			
Pass-Through the SD Department of Military and Veterans' Affairs:			
National Guard ChalleNGe Program - Starbased Program	12.404	*	<u>13,246</u>
U.S. Department of the Interior			
Indian Education Assistance to Schools - Johnson O'Malley	15.130	(1) N/A	<u>12,197</u>
National Endowment for the Arts			
Pass-Through the SD Department of Education:			
Promotion of the Arts Partnership Agreement	45.025	*	<u>3,851</u>
Department of Veterans Affairs			
Post-9/11 Veterans Educational Assistance	64.028	N/A	<u>2,704</u>
U.S. Department of Education			
Direct Federal Funding:			
Student Financial Aid - Cluster:			
Federal Pell Grant Program	84.063	N/A	3,057,422
Federal Workstudy Program	84.033	N/A	30,646
FSEOG Program	84.007	N/A	92,010
Direct Loan Program	84.268	N/A	<u>7,715,182</u>
Total Student Financial Aid Cluster			<u>10,895,260</u>

Sioux Falls School District 49-5
Schedule of Expenditures of Federal Awards
June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (continued)			
Indian Education Grants to Local Educational Agencies	84.060	N/A	<u>348,924</u>
Education Stabilization Fund			
Direct Award:			
COVID-19 - Higher Education Emergency Relief Fund Institutional Portion	84.425F	N/A	1,645,846
Passed through the SD Department of Education:			
COVID-19 - Elementary & Secondary Emergency Relief Fund (ESSER I)	84.425D	S425D200050	3,339
COVID-19 - Elementary & Secondary Emergency Relief Fund (ESSER II)	84.425D	S425D210050	6,720,695
COVID-19 - American Rescue Plan - Elementary & Secondary Emergency Relief Fund (ARP ESSER)	84.425U	S425U210050	<u>8,269,768</u>
Total ESSER			<u>14,993,802</u>
COVID-19 - Governor's Emergency Education Relief Fund (GEER)	84.425C	*	318,162
COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	S425W210043	<u>263,217</u>
Total Education Stabilization Fund			<u>17,221,027</u>
Pass-Through SD Department of Labor:			
Adult Education - Basic Grants to States	84.002	*	110,548
Pass-Through the SD Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A200041	6,282,759
Migrant Education - State Grant Program	84.011	S011A200042	535,990
Career and Technical Education - Basic Grants to States	84.048	V048A200041	1,076,147
Rehabilitation Services - Vocational Rehabilitation Grant	84.126	*	57,220
Special Education - Grants for Infants and Families	84.181	*	3,361
Education for Homeless Children and Youth	84.196	S196A200043	184,769
Twenty-First Century Community Learning Centers	84.287	*	137,525
Title III, English Language Acquisition State Grants	84.365	S367A200039	335,584
Improving Teacher Quality State Grants	84.367	S367A200039	1,163,602
Title IV - A	84.424	S524A200043	483,876
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A200091	7,785,977
Special Education - Grants to States	84.027	S010A200041	9,457
Special Education - Preschool Grants	84.173	H17A200091	237,703
COVID -19 - Special Education - Preschool Grants	84.173	*	<u>36,318</u>
Total for Special Education Cluster			<u>8,069,455</u>
Total U.S. Department of Education			<u>46,906,047</u>

Sioux Falls School District 49-5
Schedule of Expenditures of Federal Awards
June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services			
Direct Federal Funding:			
Head Start Cluster:			
Head Start	93.600	N/A	3,505,915
Pass-Through the SD Department of Education:			
Substance Abuse and Mental Health Services	93.243	H79SM080962	116,133
Pass-Through Lutheran Social Services:			
Refugee and Entrant Assistance Discretionary Grants	93.576	2101SDRSOC	153,934
Pass-Through the SD Department of Health and Human Services:			
Development and Coordination of Rural Health Services	93.913	*	6,000
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	*	114,637
Child Care and Development Block Grant	93.575	(1) *	51,913
Total U.S. Department of Health and Human Services			<u>3,948,532</u>
Total Federal Financial Assistance			<u>\$ 61,278,760</u>

(1) - Programs are part of the 477 Cluster for a total of \$64,110 for the 477 Cluster.

* Pass-through identifying numbers were not provided.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Sioux Falls School District 49-5 (the School District) under programs of the federal government for the year ended June 30, 2023. The information 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 fund balance, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, 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. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The School District has not elected to use the 10% *de minimus* cost rate.

Note 4 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the School District had food commodities totaling \$18,725 in inventory.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	
Food Service Fund and Business Type Activities	Qualified
All Other Opinion Units	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
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 Uniform Guidance 2 CFR 200.516	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Student Financial Aid Cluster	
Federal Pell Grant Program	84.063
Federal Workstudy Program	84.033
FSEOG Program	84.007
Direct Loan Program	84.268
Education Stabilization Fund	
COVID-19 - Governor’s Emergency Education Relief Fund (GEER)	84.425C
COVID-19 - Elementary & Secondary Emergency Relief Fund (ESSER)	84.425D
COVID-19 - Higher Education Emergency Relief Fund (HEERF) - Institutional	84.425F
COVID-19 - Elementary & Secondary Emergency Relief Fund (ARP ESSER)	84.425U
COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W
Dollar threshold used to distinguish between type A and type B programs:	\$1,838,114
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2023-001 Audit Adjustments and Passed Audit Adjustments
Material Weakness

Criteria: The School District’s internal control structure should be designed to provide for the preparation of and recording and processing of all entries to the financial statements being audited in accordance with generally accepted accounting principles.

Condition: During our audit procedures, we identified certain misstatements as a result of our audit procedures brought to the attention of and corrected by management. We also identified certain misstatements, deemed to be immaterial individually and in the aggregate to the financial statements as a whole, that were passed on for adjustment by management. We, as the auditor, were requested to maintain the GASB 87 lease schedules for the School District as a nonattest service and made the necessary adjustments as part of the audit for lease activities under GASB 87, which are included as part of the corrected identified misstatements. We, as the auditor, were also requested to maintain the GASB 96 SBITA schedules for the School District as a nonattest service and calculate the impact under GASB 96 to the respective opinion units, which was calculated to be immaterial to the respective opinion units, but more than trivial; thus, management elected to pass on adjustment to the financial statements.

Cause: The School District’s internal controls did not identify and detect the misstatements noted during our audit, or in the case of GASB 87 and GASB 96 maintenance of schedules and calculation, the School District requested these to be performed by the auditor as a nonattest service and internal control would be to review and approve the result of the nonattest service provided. The School District, as a cost/benefit consideration, requested the maintenance of GASB 87 and GASB 96 schedules and calculations to be performed as a nonattest service with any proposed adjustments posted by the auditor.

Effect: The presence of identified audit adjustments and passed audit adjustments, or reliance on the auditor for certain adjustments, may affect the condition of financial information throughout the year being used by management in analysis and decision making and increase the risk that potential misstatements remain present in the financial statements.

Recommendation: We recommend management perform a thorough review of the account balances in each fund to ensure all necessary adjustments are reflected in the financial statements in accordance with generally accepted accounting principles. Furthermore, we recommend thorough review of all auditor-proposed adjustments from nonattest services provided prior to management approval.

Views of Responsible Officials: Management agrees with the finding. The School District, based upon consideration of certain cost and benefit factors of maintaining the lease and SBITA schedules internally and preparation of the related adjustments, determined requesting the auditor to maintain and prepare the schedules and proposed adjustments as the best use of current resources.

Section III – Federal Award Findings and Questioned Costs

**2023-002 Department of Education
Education Stabilization Fund: Higher Education Emergency Relief Find (HEERF)
Federal Financial Assistance Listing 84.425F Institutional Portion
Award Number P425F202657, Award Years 2020 and 2021**

**Reporting
Material Weakness in Internal Controls over Compliance and Non-Compliance**

Criteria: CRRSSA section 314 (e) and CARES Act 18004 (e) sets forth the criteria for reporting requirements.

Condition: Three of the four required quarterly reports were not uploaded to the School District’s website timely. The quarterly reports were required to be uploaded to the website 10 days after quarter end and all quarterly reports were posted on June 28, 2023. Furthermore, there was no review of quarterly or annual HEERF reports prior to their submission.

Cause: Inadequate controls implemented to ensure compliance with HEERF reporting requirements.

Effect: The errors in reporting resulted in reporting dates outside of the required reporting timeframe.

Questioned Costs: None.

Context/Sampling: All quarterly reports that were required to be completed were tested.

Repeat Finding from Prior Year(s): Yes, Finding 2022-002.

Recommendation: We recommend that a tracking schedule is made by Southeast Technical College which is monitored to ensure the requirements, including deadlines, for reporting are met in the timeframe allowed under the grant agreements, and that there is a separate documented reviewer of the reports prior to their submission.

Views of Responsible Officials: Management agrees with the finding.

**2023-003 Department of Education
Student Financial Aid Cluster
CFDA # 84.268 – Federal Direct Student Loans
2022-2023 Award Year**

**Eligibility – Calculation of the Amount of Subsidized and Unsubsidized Direct Loan Assistance Awarded
Significant Deficiency in Internal Controls over Compliance and Noncompliance**

Criteria: 34 CFR section 685 provides the applicable criteria and guidance on awards under the Federal Direct Student Loans Program.

Condition: During testing over the eligibility requirements, the following deficiency was noted:

- 1 student of 61 students tested was not awarded the correct amount of subsidized loan and unsubsidized loan.

Cause: The School District did not factor in the Build Dakota Scholarship in the assistance calculation to determine the amount of loans the student was eligible for.

Effect: Student was overawarded the amount of aid they were eligible for.

Questioned Costs: Direct Subsidized Loans: \$2,233 over-awarded; Direct Unsubsidized Loans: \$1,980 over-awarded.

Context/Sampling: A nonstatistical sample of 61 students who received Title IV disbursements out of 1,496 students who received aid. The total aid tested in sample was Direct Loans of \$255,578.

Repeat Finding from Prior Year(s): No.

Recommendation: We recommend a review be completed when students are eligible for the Build Dakota Scholarship to determine if the student will be eligible for need and non-need based assistance.

Views of Responsible Officials: Management agrees with the finding. Build Dakota funding is processed outside of the Financial Aid Office and over-award was missed in timing of loan awarding. Estimated funds will be added to and monitored in the PowerFAIDS system for additional compliance monitoring.

2023-004 **Department of Education**
Student Financial Aid Cluster
CFDA # 84.268 – Federal Direct Student Loans
2022-2023 Award Year

Special Tests and Provision – Disbursements to or on Behalf of Students
Significant Deficiency in Internal Controls over Compliance and Noncompliance

Criteria: 34 CFR section 668.165 (a) (1) provides the applicable criteria and guidance the School District must comply with to notify students of the amount and type of Title IV funds they are expected to receive, and how and when those disbursements will be made. .

Condition: During testing over disbursement notifications, one student did not receive the notification on a timely basis.

Cause: The student was awarded aid at an off time in the semester, and the notification was not provided until the beginning of the semester.

Effect: The student was not given the proper notification to decline the award they were receiving.

Questioned Costs: None.

Context/Sampling: A nonstatistical sample of 61 students who received Title IV disbursements out of 1,496 students who received aid.

Repeat Finding from Prior Year(s): No.

Recommendation: We recommend disbursements made be reviewed to ensure that the notifications are being provided to students on a timely basis to let the student determine if they want to decline or amend the award.

Views of Responsible Officials: Management agrees with the finding. The Financial Aid Office uses system automation for compliance with notification to students. Additional match of record numbers to notification numbers has been added.

**2023-005 Department of Education
Student Financial Aid Cluster
CFDA # 84.268 – Federal Direct Student Loans
2022-2023 Award Year**

**Special Tests and Provision – Enrollment Reporting
Material Weakness in Internal Controls over Compliance and Non-Compliance**

Criteria: 34 CFR section 685.309 sets forth the criteria for administrative and fiscal control and fund accounting requirements for schools participating in the Direct Loan Program in regard to enrollment reporting requirements .

Condition: The following instances were identified through our testing over enrollment reporting;

- 7 instances in which student’s status change was certified outside the 60-day reporting requirement.
- 7 instances in which student’s status change was not reported within 60 days to National Student Loan Data System (NSLDS) nor included in reporting National Student Clearinghouse (NSC).
- 2 instances in which student’s program start date reported in NSLDS did not agree with student records.

Cause: For the students with certification dates outside of the required 60-day timeframe, information files were not provided timely to the third-party provider to submit to NSLDS for reporting. Errors and failure to report information was caused by entry errors by the various departments.

Effect: The errors in reporting resulted in reporting dates outside of the required reporting timeframe or other information to be reported incorrectly.

Questioned Costs: None.

Context/Sampling: A nonstatistical sample of 60 students with a change in status out of approximately 933 students with a change in status were selected for testing of enrollment reporting requirements.

Repeat Finding from Prior Year(s): No.

Recommendation: We recommend the financial aid and registrar’s offices review controls over information being entered into the software for dates and other academic information that is required to be reported to ensure that status changes and other academic information are certified within 60 days of the effective date. We also recommend that a monitoring system be put in place to track status changes and reporting of those status changes that can be monitored by financial aid or the registrar’s offices.

Views of Responsible Officials: Management agrees with the finding.



Instructional Planning Center

201 East Thirty-eighth Street
Sioux Falls, South Dakota 57105-5898
(605) 367-7900

Carly Reiter, President
Mark Murren, Vice President
Nan Baker, Member
Dawn Marie Johnson, Member
Kate Serenbetz, Member

Dr. Jane Stavem, Superintendent

Summary Schedule of Prior Audit Findings

Financial Statement

Identifying Number: 2022-001: Audit Adjustments and Passed Audit Adjustments

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: Certain misstatements were identified and brought to the attention of and corrected by management. Also, certain misstatements deemed to be immaterial were passed on for adjustment.

Status of Finding: Resolved

Single Audit

Identifying Number: 2022-002: U.S. Department of Education: Education Stabilization Fund: Student Aid Portion – 84.425E; Institutional Portion – 84.425F

Initial Fiscal Year Finding Occurred: 2021

Finding Summary: The required quarterly public reports were not posted to the District's website for the student aid portion or the institutional portion.

Status of Finding: Ongoing, repeat as finding 2023-002

Identifying Number: 2022-003: U.S. Department of Education: Education Stabilization Fund: Student Aid Portion – 84.425E (HEERF); U.S. Department of Agriculture: Child Nutrition Cluster – 10.553, 10.555, and 10.559 (CNC)

Initial Fiscal Year Finding Occurred: 2022

Finding: For one vendor paid with HEERF funding and one vendor paid from CNC funding, there was no documentation to support that the District had verified that the vendors were not suspended or debarred prior to purchases.

Status of Finding: Resolved

Identifying Number: 2022-004: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F (HEERF)

Initial Fiscal Year Finding Occurred: 2022

Finding: For one vendor paid with HEERF funding, the District did not maintain documentation to support they obtained sufficient quotes for purchase of software.

Status of Finding: Resolved



Instructional Planning Center

201 East Thirty-eighth Street
Sioux Falls, South Dakota 57105-5898
(605) 367-7900

Carly Reiter, President
Marc Murren, Vice President
Nan Baker, Member
Dawn Marie Johnson, Member
Kate Serenbetz, Member

Dr. Jane Stavem, Superintendent

CORRECTIVE ACTION PLAN YEAR ENDED 6/30/23

Identifying Number: 2023-001: Audit Adjustments and Passed Audit Adjustments

Finding: Certain misstatements were identified and brought to the attention of and corrected by management. Also, certain misstatements deemed to be immaterial were passed on for adjustment. The auditors were requested to maintain the GASB 87 lease schedules and the GASB 96 SBITA schedules for the District as non-attest services and made the necessary adjustments for lease activities, which are included as part of the corrected identified misstatements.

Corrective Action Taken or Planned:

The District, based on consideration of certain cost and benefit factors of maintaining the lease and SBITA schedules internally and preparation of the related adjustments, determined requesting the auditor to maintain and prepare the schedules and proposed adjustments as the best use of current resources.

Controls are in place and generally operating as designed. The Finance Office will continue to communicate with other departments to identify federal awards. It was recommended that management perform a thorough review of the account balances in each fund to ensure all necessary adjustments are reflected in the financial statements. This review is done every year; however, oversights can periodically occur.

It was also recommended that management review and approve all auditor-proposed adjustments from non-attest services provided. Management will review and approve such auditor-proposed adjustments.

Contact person: Kenneth W Mosser, Comptroller

Status of finding – Account balance reviews will continue, and management will review all auditor-proposed adjustments.

CORRECTIVE ACTION PLAN YEAR ENDED 6/30/23 (Continued)

Identifying Number: 2023-002: U.S. Department of Education: Education Stabilization Fund: Student Aid Portion – 84.425E; Institutional Portion – 84.425F

Finding: Three of the four required quarterly reports were not posted to the District’s website in a timely manner. In addition, there was no review of quarterly or annual HEERF reports prior to their submission.

Corrective Action Taken or Planned:

STC will implement a master calendar that will establish and publish deadlines for reporting requirements prior to their respective submission dates. Additionally, STC will explore training staff and delegating responsibility for report preparation to other Finance and Operation positions to allow the Vice President – Finance and Operations to provide oversight and guidance in report preparation and to review reports prior to submission.

Contact person: Rich Kluin, Vice President – Finance and Operations, Southeast Technical College

Status of finding – The above corrective actions will be implemented beginning July 1, 2024.

Identifying Number: 2023-003: U.S. Department of Education: Student Financial Aid Cluster – 84.268, Federal Direct Student Loans

Finding: For one student out of 61 students tested, an incorrect amount of subsidized and unsubsidized loan was awarded.

Corrective Action Taken or Planned:

STC Financial Aid Office will request a list of Build Dakota students and estimated scholarship amounts at the beginning of the academic year. This information will be added into the student’s financial aid packaging formula to review for potential changes needed in federal aid awards. Once the Business Office has completed applying Build Dakota funds for the term, the information will be shared with the Financial Aid Office to make adjustments to the original estimates used.

Contact person: Micah Hansen, Director of Financial Aid, Southeast Technical College

Status of finding – The above corrective actions will be implemented beginning July 1, 2024.

CORRECTIVE ACTION PLAN YEAR ENDED 6/30/23 (Continued)

Identifying Number: 2023-004: U.S. Department of Education: Student Financial Aid Cluster – 84.268, Federal Direct Student Loans

Finding: During testing of disbursement notifications, one student did not receive the notification in a timely manner.

Corrective Action Taken or Planned:

STC Financial Aid Office will continue to monitor disbursements and work to create a report of notifications sent or errors so that notifications are not missed.

Contact person: Micah Hansen, Director of Financial Aid, Southeast Technical College

Status of finding – The above corrective actions will be implemented beginning July 1, 2024.

Identifying Number: 2023-005: U.S. Department of Education: Student Financial Aid Cluster – 84.268, Federal Direct Student Loans

Finding: The following instances were identified during testing of enrollment reporting:

- 7 instances in which a student's status change was certified outside the 60-day reporting requirement.
- 7 instances in which a student's status change was not reported within 60 days to the National Student Loan Data System (NSLDS) nor included in reporting to the National Student Clearinghouse (NSC).
- 2 instances in which a student's program start date reported in NSLDS did not agree with student records.

Corrective Action Taken or Planned:

The STC Financial Aid Office and Registrar will work to develop a process to review errors in the three systems that are involved in enrollment status reporting and identify any solutions. A common folder for submittal rosters will be shared between the offices so that they may also be reviewed for accuracy. National Student Clearinghouse issue notifications will also be kept on file for future reference.

Contact person: Rich Kluin, Vice President – Finance and Operations, Southeast Technical College

Status of finding – The above corrective actions will be implemented beginning July 1, 2024.