

Sioux Falls School District 49-5



Financial Report
June 30, 2024

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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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2024. 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 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 audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 25, 2025, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sallie LLP". The signature is written in a cursive, flowing style.

Aberdeen, South Dakota
March 25, 2025

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, 2024. 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 \$30,000,000. Net position increased as a result of capital outlay revenue in excess of depreciation and other capital outlay expenses of approximately \$13,000,000, post-secondary vocational fund revenue in excess of expenses of approximately \$2,600,000, plus an increase in net investment in capital assets of approximately \$15,000,000.
- During the year, the District's total revenues of \$418,534,682 were composed of general revenues in the amount of \$305,142,662 and program revenues totaling \$113,392,020.
- As of June 30, 2024, the District's governmental funds reported combined ending fund balances of \$160,126,091, an increase of \$9,138,929 compared with the prior year. This increase is mainly due to revenues over expenditures of approximately \$20,400,000 in the general, capital outlay and post-secondary vocational funds, partially offset by capital projects funds construction expenditures in excess of revenues of approximately \$11,100,000 using prior-year proceeds from the issuance of Series 2022 General Obligation Bonds.
- The general fund reported an increase in fund balance of \$4,957,439 leaving an ending fund balance of \$39,415,286. The unassigned portion of this ending fund balance was \$38,122,358 or 16.50 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

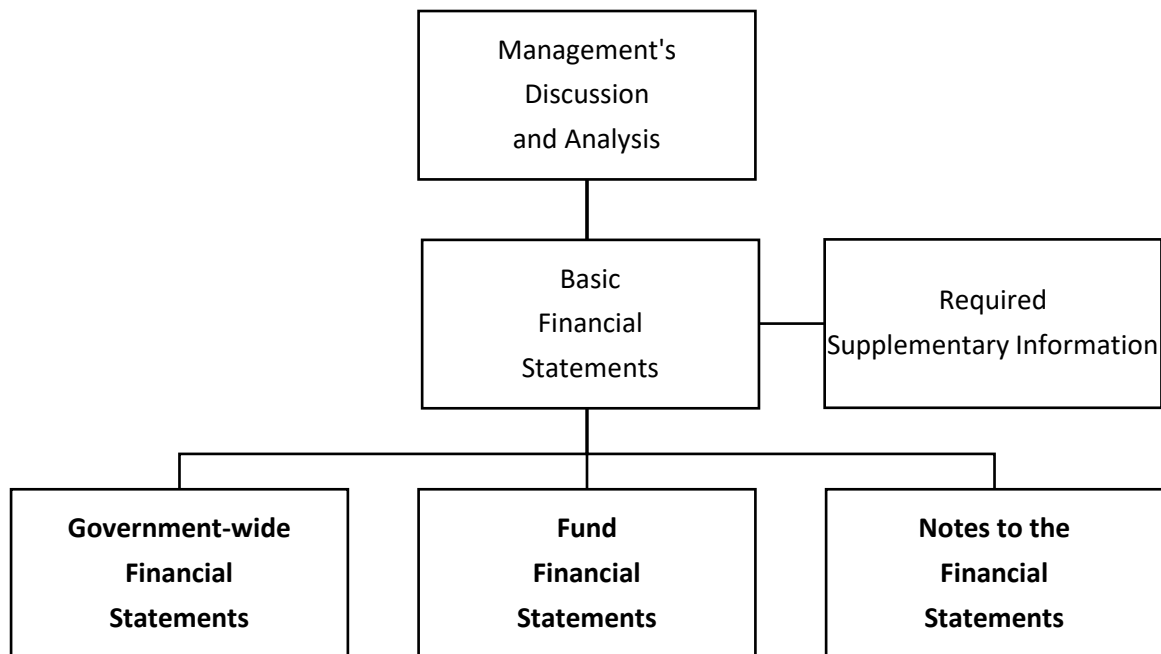


Figure 2 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents 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 63 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 64 through 77 of this report.

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

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	
	2023	2024	2023	2024	2023	2024
Assets						
Current and other assets	\$ 283,769,335	\$ 296,526,865	\$ 10,788,027	\$ 9,354,125	\$ 294,557,362	\$ 305,880,990
Capital assets, net	409,696,025	423,540,090	3,972,699	4,624,806	\$ 413,668,724	428,164,896
Total assets	693,465,360	720,066,955	14,760,726	13,978,931	708,226,086	734,045,886
Deferred Outflows of Resources	91,942,216	83,337,026	3,978,652	3,645,830	95,920,868	86,982,856
Liabilities						
Long-term liabilities	270,311,346	252,530,948	-	-	270,311,346	252,530,948
Other liabilities	95,712,270	97,619,214	3,403,607	4,170,121	99,115,877	101,789,335
Total liabilities	366,023,616	350,150,162	3,403,607	4,170,121	369,427,223	354,320,283
Deferred Inflows of Resources	118,607,226	120,345,272	2,259,398	2,121,549	120,866,624	122,466,821
Net Position						
Net investment in capital assets	178,848,628	193,296,508	3,972,699	4,624,806	182,821,327	197,921,314
Restricted	104,599,000	117,170,402	1,514,035	1,384,367	106,113,035	118,554,769
Unrestricted	17,329,106	22,441,637	7,589,639	5,323,918	24,918,745	27,765,555
Total net position	\$ 300,776,734	\$ 332,908,547	\$ 13,076,373	\$ 11,333,091	\$ 313,853,107	\$ 344,241,638

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 \$197,921,314. 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 increased by \$11,323,628 from June 30, 2023, to June 30, 2024, mainly due to an increase in cash and cash equivalents, and taxes and other receivables. The decrease of deferred outflows of resources of \$8,938,012, and the increase in deferred inflows of resources of \$1,600,197 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 \$15,106,940, mainly due to the payment of regularly scheduled principal of long-term debt of approximately \$15,000,000.

As of June 30, 2024, the District reported \$118,554,769 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 \$12,441,734 during the year ended June 30, 2024, due to an increase in net position restricted for capital outlay and post-secondary vocational purposes of approximately \$14,700,000, offset by a decrease in net position restricted for SDRS pension purposes of approximately \$2,400,000.

The District's unrestricted net position increased by approximately \$2,800,000, mainly due to revenues exceeding expenditures of approximately \$4,900,000 in the general fund, partially offset by expenditures in enterprise funds exceeding revenues of approximately \$1,700,000.

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	
	2023	2024	2023	2024	2023	2024
Revenues						
Program Revenues						
Charges for services	\$ 17,530,624	\$ 21,692,076	\$ 15,216,630	\$ 19,674,085	\$ 32,747,254	\$ 41,366,161
Operating grants and contributions	58,128,861	61,670,699	10,065,527	10,293,246	68,194,388	71,963,945
Capital grants and contributions	1,443,027	61,914	-	-	1,443,027	61,914
General Revenues						
Taxes	149,516,729	161,621,564	-	-	149,516,729	161,621,564
Revenue from state sources	107,190,146	118,956,037	-	-	107,190,146	118,956,037
Revenue from federal sources	2,390,137	1,581,304	-	-	2,390,137	1,581,304
Other general revenues	12,051,333	14,402,357	-	-	12,051,333	14,402,357
Unrestricted investment earnings	6,150,110	8,377,876	116,247	203,524	6,266,357	8,581,400
Total revenues	354,400,967	388,363,827	25,398,404	30,170,855	379,799,371	418,534,682
Expenses						
Instruction	186,963,432	205,450,936	-	-	186,963,432	205,450,936
Support services	127,780,765	131,354,583	-	-	127,780,765	131,354,583
Community services	306,501	302,417	7,771,412	12,248,773	8,077,913	12,551,190
Nonprogrammed charges	1,368,715	1,668,621	-	-	1,368,715	1,668,621
Co-curricular activities	7,795,342	8,509,826	-	-	7,795,342	8,509,826
Debt service	9,286,754	8,860,631	-	-	9,286,754	8,860,631
Food services	-	-	15,295,480	16,762,937	15,295,480	16,762,937
Post-secondary bookstore services	-	-	1,729,419	2,164,576	1,729,419	2,164,576
Post-secondary childcare	-	-	333,557	426,603	333,557	426,603
House construction	-	-	251,714	396,248	251,714	396,248
Total expenses	333,501,509	356,147,014	25,381,582	31,999,137	358,883,091	388,146,151
Increase (decrease) in net position before transfers	20,899,458	32,216,813	16,822	(1,828,282)	20,916,280	30,388,531
Transfers	(85,000)	(85,000)	85,000	85,000	-	-
Change in net position	20,814,458	32,131,813	101,822	(1,743,282)	20,916,280	30,388,531
Net position-beginning	279,962,276	300,776,734	12,974,551	13,076,373	292,936,827	313,853,107
Net position-ending	\$ 300,776,734	\$ 332,908,547	\$ 13,076,373	\$ 11,333,091	\$ 313,853,107	\$ 344,241,638

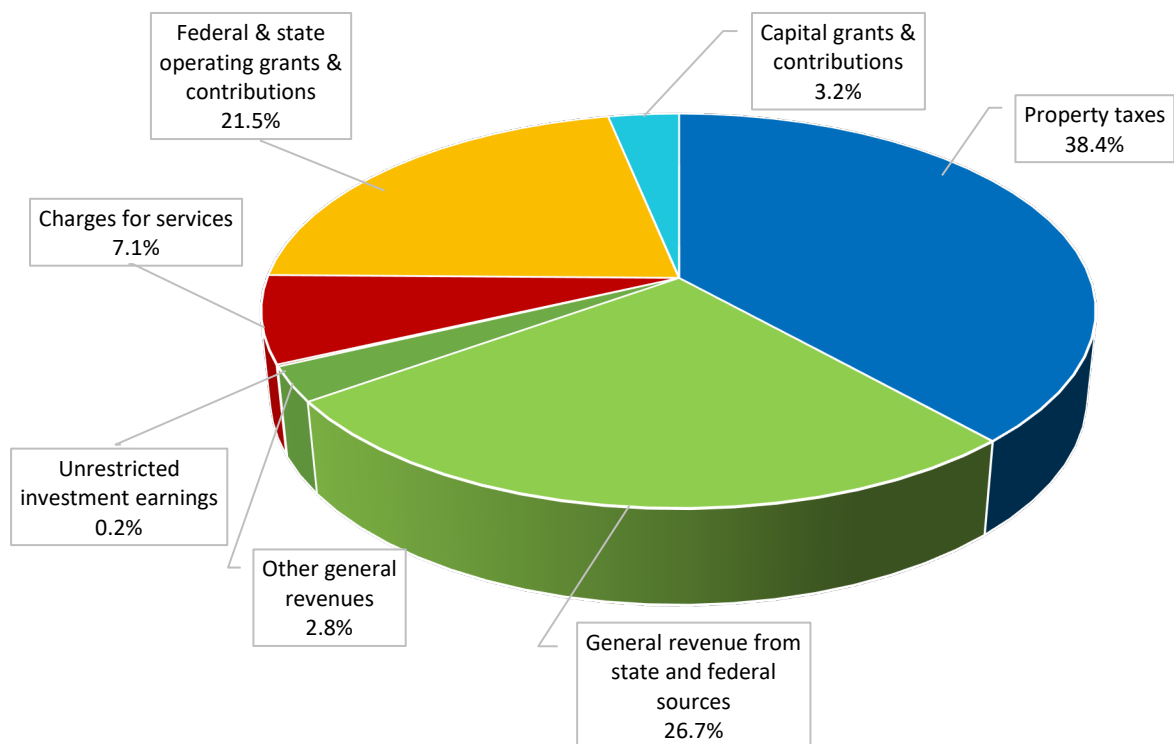
Financial Analysis of the District as a Whole (Continued)

Changes in Net Position (Continued)

The District's total revenues increased by \$38,735,311 mainly due to an increase in state aid and property taxes of approximately \$23,900,000, an increase in charges for services of approximately \$8,600,000, an increase in operating grants and contributions of approximately \$3,800,000, and an increase in investment earnings of approximately \$2,300,000.

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 2024



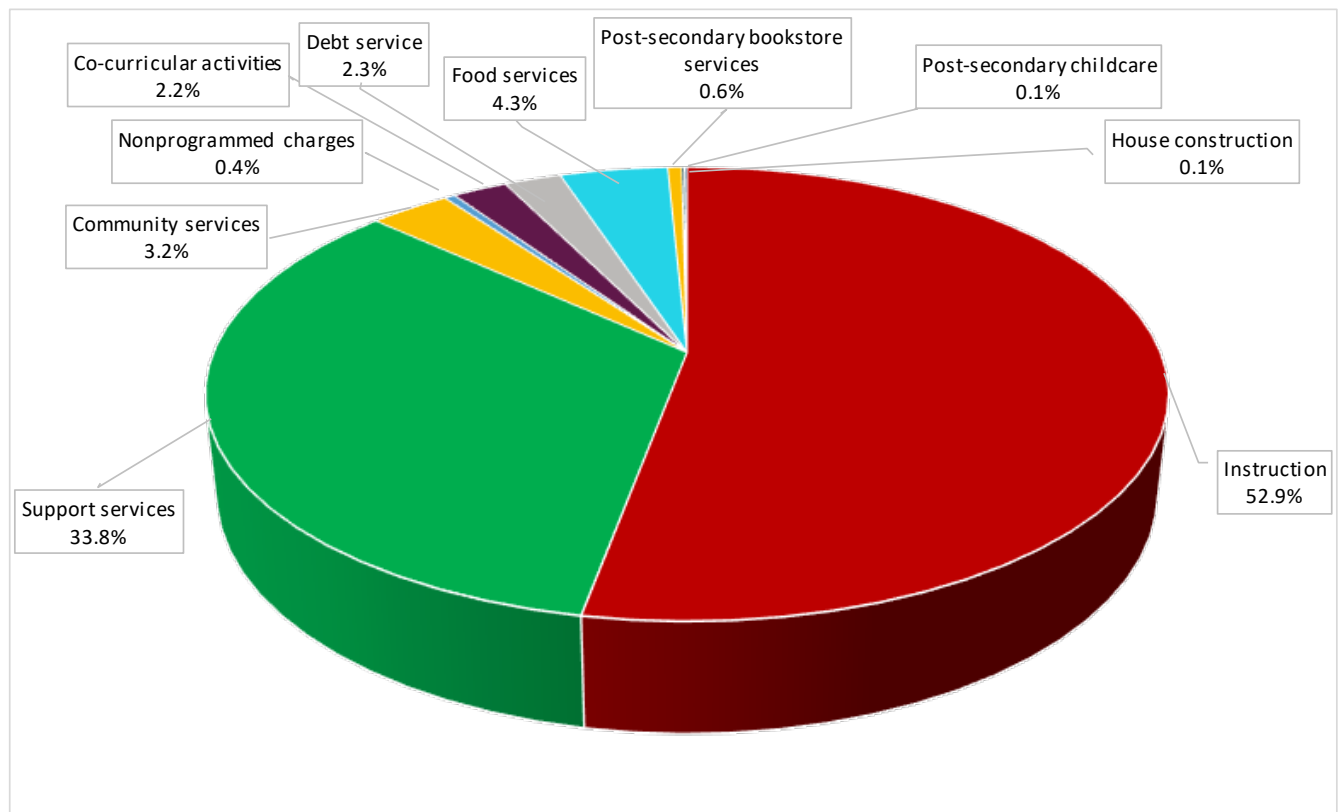
Financial Analysis of the District as a Whole (Continued)

Changes in Net Position (Continued)

The District's total expenses for 2024 were \$388,146,151, representing an increase of \$29,263,060.

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 2024



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 \$160,126,091, an increase of \$9,138,929 during the current fiscal year. Approximately 23.80 percent of the ending fund balances, or \$38,122,358, constitutes unassigned fund balances, which are generally available for spending at the District's discretion. Approximately 2.14 percent, or \$3,433,771, 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 \$65,607,736; 2) special education fund \$10,620,168; and 3) post-secondary vocational fund \$6,886,966. Additional fund balances restricted or committed for specific purposes include 1) debt service \$12,279,551; and 2) construction projects \$21,551,757. The remainder of the fund balances are amounts that cannot be spent and consist of \$1,623,784 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 \$38,122,358, while total fund balance was \$39,415,286. 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 16.50 percent of total general fund expenditures, while total fund balance represents 17.06 percent of that same amount.

The fund balance of the District's general fund increased by \$4,957,439 during the current fiscal year. The District had originally budgeted to decrease fund balance by \$2,854,965, which was supplementally revised to increase fund balance by approximately \$1,300,000 for the current fiscal year. However, total expenditures were under budget by approximately \$1,200,000. In addition, revenues exceeded budget by approximately \$6,700,000. Due to revenues in excess of expenditures, budgeted transfers of \$4,250,000 were not made.

The fund balance of the District's capital outlay fund increased by \$12,917,367 during the current fiscal year to \$71,286,014 as of June 30, 2024. The District had originally budgeted to increase fund balance by \$10,499,268, which was supplementally revised to increase fund balance by \$3,319,438. However, total expenditures were under budget by approximately \$3,800,000, mainly in capital acquisitions, and total revenues were over budget by approximately \$1,500,000, mainly in earnings on investments and deposits. 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 decreased by \$178,957 to \$10,630,012 as of June 30, 2024. The District had budgeted to decrease fund balance by approximately \$1,400,000. However, total revenues were over budget by approximately \$500,000, mainly due to property taxes, and total expenditures were under budget by approximately \$740,000, mainly in instructional services.

Financial Analysis of the District's Funds (Continued)

Governmental Funds (Continued)

The fund balance of the District's post-secondary vocational fund increased by \$2,578,411 to \$7,207,978 as of June 30, 2024. The District had originally budgeted to decrease fund balance by approximately \$100,000. However, total expenditures were under budget by approximately \$3,000,000, offset by revenues under budget by approximately \$470,000, mostly in state revenue.

Proprietary Funds

The District's enterprise funds showed a decrease in net position of \$1,743,282 to \$11,333,091 as of June 30, 2024. All the enterprise funds decreased in net position in the current fiscal year, with the major decreases occurring in the food service fund of approximately \$570,000, the community relations fund of approximately \$550,000 and the house construction fund of approximately \$360,000. The District's internal service funds saw an increase in net position of \$678,099, due mainly to the group health insurance fund. The group health insurance fund's net position was \$9,281,051 as of June 30, 2024. This represents 19.11 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 \$5,300,000 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 \$2,500,000 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, 2024, the District had invested \$428,164,896 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 \$14,496,172, or 3.50 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 Change	Total Percentage Change
	2023	2024	2023	2024	2023-2024	2023-2024
Land	\$ 18,465,100	\$ 19,045,100	\$ -	\$ -	\$ 580,000	3.14%
Construction in progress	25,934,876	15,833,991	-	-	(10,100,885)	-38.95%
Buildings and improvements	344,533,032	356,253,174	1,979,928	2,524,014	12,264,228	3.54%
Improvements other than buildings	8,493,070	14,928,962	871	528	6,435,549	75.77%
Machinery and equipment	7,710,672	10,429,922	1,991,900	2,100,264	2,827,614	29.14%
Intangible assets	-	2,716,951	-	-	2,716,951	100.00%
Subscription assets	-	643,399	-	-	643,399	100.00%
Right-to-use buildings	4,056,660	3,607,607	-	-	(449,053)	-11.07%
Right-to-use machinery and equipment	502,615	80,984	-	-	(421,631)	-83.89%
Totals	\$409,696,025	\$423,540,090	\$ 3,972,699	\$ 4,624,806	\$ 14,496,172	3.50%

Long-Term Liabilities

At year-end, the District had \$307,142,980 in capital outlay certificates, general obligation bonds, and other long-term obligations. Long-term liabilities decreased during the year by \$15,482,379 due mainly to scheduled repayment of principal offset by an increase in subscription liabilities and other postemployment benefits. This is a decrease of 4.80 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 Change	Total Percentage Change
	2023	2024	2023	2024	2023-2024	2023-2024
Capital outlay certificates	\$ 78,194,919	\$ 68,808,547	\$ -	\$ -	\$ (9,386,372)	-12.00%
General obligation bonds	204,248,313	196,205,092	-	-	(8,043,221)	-3.94%
Subscription liabilities	-	570,222	-	-	570,222	100.00%
Lease liabilities	4,854,729	4,298,114	-	-	(556,615)	-11.47%
Other postemployment benefits	30,669,601	32,108,053	1,614,837	1,723,176	1,546,791	4.79%
Accrued vacation	2,830,252	3,168,975	212,708	260,801	386,816	12.71%
Totals	\$320,797,814	\$305,159,003	\$ 1,827,545	\$ 1,983,977	\$ (15,482,379)	-4.80%

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 2025, the District experienced an increase in total property valuation of approximately \$845 million or 4.64 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 2023 enrollment count was 24,351. The state aid formula for fiscal year 23-24 ensured that property taxes plus state aid equaled \$7,120 per pupil. The allocation for fiscal year 24-25 is \$7,405 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 2025, the Board has access to \$15.5 million in opt-out authority, of which the Board approved \$11.5 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, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	STI Housing Foundation
Assets				
Cash and cash equivalents	\$ 191,561,947	\$ 8,881,196	\$ 200,443,143	\$ 1,237,609
Cash - restricted	-	-	-	242,771
Taxes receivable	78,481,477	-	78,481,477	-
Other receivables	23,276,557	279,158	23,555,715	29,637
Interfund balances	914,867	(1,035,864)	(120,997)	-
Inventories	914,533	1,182,576	2,097,109	-
Prepaid expenses	709,251	9,525	718,776	23,387
Net pension asset	668,233	37,534	705,767	-
Capital assets				
Capital assets not being depreciated	34,879,091	-	34,879,091	-
Capital assets, net of accumulated depreciation	381,612,058	4,624,806	386,236,864	2,376,518
Right-to-use lease assets, net of accumulated amortization	3,688,591	-	3,688,591	-
Intangible and subscription assets, net of accumulated amortization	3,360,350	-	3,360,350	-
	<u>720,066,955</u>	<u>13,978,931</u>	<u>734,045,886</u>	<u>3,909,922</u>
Deferred Outflows of Resources				
Deferred charge on refunding	18,086,636	-	18,086,636	-
OPEB related deferred outflows	7,682,375	412,297	8,094,672	-
Pension related deferred outflows	57,568,015	3,233,533	60,801,548	-
	<u>83,337,026</u>	<u>3,645,830</u>	<u>86,982,856</u>	<u>-</u>
	<u>\$ 803,403,981</u>	<u>\$ 17,624,761</u>	<u>\$ 821,028,742</u>	<u>\$ 3,909,922</u>
Liabilities				
Accounts payable	\$ 5,983,971	\$ 959,334	\$ 6,943,305	\$ 55,298
Other current liabilities	38,569,910	846,580	39,416,490	15,274
Unearned revenue	437,278	380,230	817,508	82,050
Noncurrent liabilities				
Due within one year	20,520,002	260,801	20,780,803	136,953
Due in more than one year	252,530,948	-	252,530,948	2,212,714
Net OPEB liability	32,108,053	1,723,176	33,831,229	-
Total liabilities	<u>350,150,162</u>	<u>4,170,121</u>	<u>354,320,283</u>	<u>2,502,289</u>
Deferred Inflows of Resources				
OPEB related deferred inflows	4,375,957	234,849	4,610,806	-
Pension related deferred inflows	33,589,752	1,886,700	35,476,452	-
Taxes levied for future period	82,379,563	-	82,379,563	-
	<u>120,345,272</u>	<u>2,121,549</u>	<u>122,466,821</u>	<u>-</u>
Net Position				
Net investment in capital assets	193,296,508	4,624,806	197,921,314	26,851
Restricted for				
Capital outlay	65,828,337	-	65,828,337	-
Special education	10,574,167	-	10,574,167	-
SDRS pension purposes	24,646,496	1,384,367	26,030,863	-
Post secondary vocational	6,607,595	-	6,607,595	-
Debt service	9,513,807	-	9,513,807	-
Unrestricted	<u>22,441,637</u>	<u>5,323,918</u>	<u>27,765,555</u>	<u>1,380,782</u>
Total net position	<u>332,908,547</u>	<u>11,333,091</u>	<u>344,241,638</u>	<u>1,407,633</u>
	<u>\$ 803,403,981</u>	<u>\$ 17,624,761</u>	<u>\$ 821,028,742</u>	<u>\$ 3,909,922</u>

Sioux Falls School District 49-5

Statement of Activities

Year Ended June 30, 2024

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	\$ 205,450,936	\$ 15,323,039	\$ 61,510,250	\$ 61,914	\$ (128,555,733)	\$ -	\$(128,555,733)	\$ -
Support services	131,354,583	1,080,897	-	-	(130,273,686)	-	(130,273,686)	-
Community services	302,417	-	-	-	(302,417)	-	(302,417)	-
Nonprogrammed charges	1,668,621	4,961,588	160,449	-	3,453,416	-	3,453,416	-
Co-curricular activities	8,509,826	326,552	-	-	(8,183,274)	-	(8,183,274)	-
*Interest on long-term debt	8,860,631	-	-	-	(8,860,631)	-	(8,860,631)	-
Total governmental activities	356,147,014	21,692,076	61,670,699	61,914	(272,722,325)	-	(272,722,325)	-
Business-type activities								
Food services	16,762,937	5,692,155	10,168,740	-	-	(902,042)	(902,042)	-
Post secondary bookstore	2,164,576	2,062,926	-	-	-	(101,650)	(101,650)	-
Post secondary childcare	426,603	310,941	-	-	-	(115,662)	(115,662)	-
Community services	12,248,773	11,577,109	124,506	-	-	(547,158)	(547,158)	-
House construction	396,248	30,954	-	-	-	(365,294)	(365,294)	-
Total business-type activities	31,999,137	19,674,085	10,293,246	-	-	(2,031,806)	(2,031,806)	-
Total primary government	<u>\$ 388,146,151</u>	<u>\$ 41,366,161</u>	<u>\$ 71,963,945</u>	<u>\$ 61,914</u>	<u>(272,722,325)</u>	<u>(2,031,806)</u>	<u>(274,754,131)</u>	<u>-</u>
Component Unit	<u>\$ 1,000,890</u>	<u>\$ 1,103,312</u>	<u>\$ -</u>					102,422
General Revenues								
Taxes								
Property taxes					160,340,682	-	160,340,682	-
Gross receipts tax					1,280,882	-	1,280,882	-
Revenue from state sources								
State aid					114,002,610	-	114,002,610	-
Other					4,953,427	-	4,953,427	-
Revenue from federal sources					1,581,304	-	1,581,304	-
Unrestricted investment earnings					8,377,876	203,524	8,581,400	16,107
Other general revenues					14,402,357	-	14,402,357	-
Transfers					(85,000)	85,000	-	-
Total general revenues					304,854,138	288,524	305,142,662	16,107
Change in Net Position					32,131,813	(1,743,282)	30,388,531	118,529
Net Position - Beginning					300,776,734	13,076,373	313,853,107	1,289,104
Net Position - Ending					<u>\$ 332,908,547</u>	<u>\$ 11,333,091</u>	<u>\$ 344,241,638</u>	<u>\$ 1,407,633</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, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 49,211,329	\$ 72,850,949	\$ 17,613,862	\$ 5,426,214	\$ 33,816,887	\$ 178,919,241
Taxes receivable - current	41,358,723	17,059,330	13,404,970	-	5,638,396	77,461,419
Taxes receivable - delinquent	580,277	220,601	154,419	-	64,761	1,020,058
Accounts receivable, net	2,778	-	-	829,466	-	832,244
Due from other funds	122,613	907,238	-	-	-	1,029,851
Due from other governments	16,963,303	117,332	671,352	4,420,726	-	22,172,713
Advance to imprest	271,000	-	600	-	-	271,600
Inventories	914,533	-	-	-	-	914,533
Prepaid expenses	378,395	-	9,844	321,012	-	709,251
	<u>\$ 109,802,951</u>	<u>\$ 91,155,450</u>	<u>\$ 31,855,047</u>	<u>\$ 10,997,418</u>	<u>\$ 39,520,044</u>	<u>\$ 283,330,910</u>
Liabilities						
Accounts payable	\$ 1,468,705	\$ 1,453,780	\$ 430,711	\$ 746,667	\$ 1,853,635	\$ 5,953,498
Contracts and benefits payable	24,250,278	-	6,291,103	376,351	-	30,917,732
Due to other funds	83,942	-	23,155	7,887	-	114,984
Amounts held for others	-	-	-	2,221,257	-	2,221,257
Unearned revenue	-	-	-	437,278	-	437,278
Total liabilities	<u>25,802,925</u>	<u>1,453,780</u>	<u>6,744,969</u>	<u>3,789,440</u>	<u>1,853,635</u>	<u>39,644,749</u>
Deferred Inflows of Resources						
Unavailable revenue - delinquent property taxes	580,277	220,601	154,419	-	64,761	1,020,058
Unavailable revenue - intergovernmental	133,173	-	27,276	-	-	160,449
Taxes levied for future period	43,871,290	18,195,055	14,298,371	-	6,014,847	82,379,563
Total deferred inflows of resources	<u>44,584,740</u>	<u>18,415,656</u>	<u>14,480,066</u>	<u>-</u>	<u>6,079,608</u>	<u>83,560,070</u>
Fund Balance						
Nonspendable for						
Inventory and prepaid expenses	1,292,928	-	9,844	321,012	-	1,623,784
Restricted for						
Capital outlay	-	65,607,736	-	-	-	65,607,736
Special education	-	-	10,620,168	-	-	10,620,168
Post secondary vocational	-	-	-	6,886,966	-	6,886,966
Capital projects	-	-	-	-	21,551,757	21,551,757
Debt service	-	5,678,278	-	-	6,601,273	12,279,551
Assigned for						
Hail damage projects	-	-	-	-	3,433,771	3,433,771
Unassigned	38,122,358	-	-	-	-	38,122,358
Total fund balance	<u>39,415,286</u>	<u>71,286,014</u>	<u>10,630,012</u>	<u>7,207,978</u>	<u>31,586,801</u>	<u>160,126,091</u>
	<u>\$ 109,802,951</u>	<u>\$ 91,155,450</u>	<u>\$ 31,855,047</u>	<u>\$ 10,997,418</u>	<u>\$ 39,520,044</u>	<u>\$ 283,330,910</u>

Sioux Falls School District 49-5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Year Ended June 30, 2024

Total Fund Balances - Governmental Funds	\$ 160,126,091
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$680,336,610 and the accumulated depreciation/amortization is \$256,830,226.	423,506,384
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(270,552,694)
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.	(2,428,639)
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.	18,086,636
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.	1,180,507
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.	9,975,906
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.	(2,830,505)
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.	(28,801,635)
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.	24,646,496
Net Position - Governmental Activities	<u>\$ 332,908,547</u>

Sioux Falls School District 49-5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Revenue from local sources						
Taxes						
Ad valorem taxes	\$ 84,058,933	\$ 36,028,251	\$ 26,975,867	\$ -	\$ 11,873,990	\$ 158,937,041
Prior year's ad valorem taxes	1,023,707	384,257	270,812	-	115,824	1,794,600
Tax deed revenue	5,520	-	-	-	-	5,520
Gross receipts taxes	1,280,882	-	-	-	-	1,280,882
Other taxes	258,873	107,981	81,618	-	35,561	484,033
Penalties and interest on taxes	189,820	61,466	42,083	-	16,347	309,716
Tuition and fees	487,948	45,021	299,246	250,072	-	1,082,287
Post secondary program tuition and fees	-	-	-	14,383,711	-	14,383,711
Earnings on investments and deposits	5,495,312	1,513,658	531,903	426,435	410,568	8,377,876
Co-curricular activities						
Admissions	264,810	-	-	-	-	264,810
Bookstore sales	6,550	-	-	678,810	-	685,360
Other student activity income	61,742	-	-	-	-	61,742
Post secondary						
Resales/services - occupational programs	-	-	-	72,526	-	72,526
Other revenue from local sources						
Rentals	111,862	8,800	-	8,250	-	128,912
Contributions and donations	311,350	8,200	1,707	4,342,343	-	4,663,600
Judgments	2,977	972	-	-	3,745,280	3,749,229
Charges for services	504,104	-	708,255	-	-	1,212,359
Other	7,037,210	1,178,959	16,184	464,542	-	8,696,895
Revenue from intermediate sources						
County sources						
County apportionment	837,306	-	-	-	-	837,306
Revenue from state sources						
Grants-in-aid						
Unrestricted grants-in-aid	103,041,700	-	-	10,960,910	-	114,002,610
Restricted grants-in-aid	307,088	-	23,497,624	-	-	23,804,712
Tuition	139,503	-	40,549	-	-	180,052
Other state revenue	42,278	92,984	438	4,817,727	-	4,953,427

Sioux Falls School District 49-5

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

Year Ended June 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Revenue from federal sources						
Grants-in-aid						
Restricted grants-in-aid received directly from federal government	3,876,909	5,335	-	-	-	3,882,244
Restricted grants-in-aid received from federal government through the state	26,699,385	436,461	5,549,472	1,199,890	-	33,885,208
Johnson O'Malley funds	13,987	-	-	-	-	13,987
Other federal revenue	2,893	85,859	-	1,478,565	-	1,567,317
Total revenues	236,062,649	39,958,204	58,015,758	39,083,781	16,197,570	389,317,962
Expenditures						
Instruction						
Regular programs						
Elementary schools	51,261,186	927,139	-	-	-	52,188,325
Middle/junior high schools	29,687,303	1,139,659	-	-	-	30,826,962
High school	38,085,440	1,468,805	-	-	-	39,554,245
Preschool services	240,902	-	-	-	-	240,902
Special programs						
Gifted and talented	900,863	-	-	-	-	900,863
Programs for special education	-	8,842	38,905,487	-	-	38,914,329
Coordinated early intervening services instruction	-	-	720,211	-	-	720,211
Culturally different	6,765,399	-	-	-	-	6,765,399
Educationally deprived	5,075,773	-	-	-	-	5,075,773
Other special programs	6,968,971	247,157	-	-	-	7,216,128
Adult continuing education programs	-	-	-	385,590	-	385,590
Post secondary occupational programs	-	-	-	17,273,740	-	17,273,740
Support services						
Pupils						
Attendance and social work	1,979,930	-	-	-	-	1,979,930
Guidance	7,399,087	-	-	1,144,320	-	8,543,407
Health	1,450,546	15,804	43,240	-	-	1,509,590
Psychological	-	-	3,280	-	-	3,280
Speech pathology	-	-	4,241,969	-	-	4,241,969
Student therapy services	-	-	2,828,509	-	-	2,828,509
Orientation and mobility services	-	-	117,217	-	-	117,217
Support services - instructional staff						
Improvement of instruction	7,708,167	2,155	95,149	1,799,069	-	9,604,540
Educational media	4,547,198	52,814	-	-	-	4,600,012

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, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Support services - general administration						
Board of Education	1,743,421	-	-	415,192	-	2,158,613
Executive administration	1,170,084	730	-	155,898	-	1,326,712
Support services - school administration						
Office of the Principal	15,582,228	47,438	-	-	-	15,629,666
Financial aid administration	-	-	-	404,097	-	404,097
Title I program administration	38,795	-	-	-	-	38,795
Other support services	2,022,051	2,986	-	4,033,823	-	6,058,860
Support services - business						
Fiscal services	1,893,746	621,606	-	1,434,927	-	3,950,279
Facilities acquisition and construction	-	7,235,857	-	3,646,376	-	10,882,233
Operation and maintenance of plant	22,815,777	782,966	-	2,332,622	-	25,931,365
Pupil transportation	6,862,450	64,627	-	-	-	6,927,077
Food services	842,808	-	-	-	-	842,808
Internal services	93,424	-	-	24,261	-	117,685
Support services - central						
Planning	1,156,205	1,500	-	-	-	1,157,705
Staff	1,570,619	-	-	12,198	-	1,582,817
Data processing	4,830,150	1,427,466	-	3,220,540	-	9,478,156
Support services - special education						
Administrative costs	-	-	3,688,308	-	-	3,688,308
Transportation costs	-	-	3,371,463	-	-	3,371,463
Other special education costs	-	-	4,065,332	-	-	4,065,332
Community services						
Nonpublic school	217,141	2,572	-	-	-	219,713
Other	78,782	-	-	-	-	78,782
Nonprogrammed charges						
Payments to state - unemployment	6,704	-	-	-	-	6,704
Early retirement payments	463,805	-	52,444	-	-	516,249
Other nonprogrammed costs	-	1,145,668	-	-	-	1,145,668
Debt services	-	11,218,837	62,106	267,158	12,278,104	23,826,205
Co-curricular activities						
Male activities	2,152,850	286,975	-	-	-	2,439,825
Female activities	1,881,227	146,547	-	-	-	2,027,774
Combined activities	3,612,178	275,071	-	26,545	-	3,913,794
Capital outlay	-	-	-	-	15,054,797	15,054,797
Total expenditures	231,105,210	27,123,221	58,194,715	36,576,356	27,332,901	380,332,403

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, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Excess of Revenue over (under) Expenditures	4,957,439	12,834,983	(178,957)	2,507,425	(11,135,331)	8,985,559
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	6,300,000	6,300,000
Transfers out	-	-	-	(85,000)	(6,300,000)	(6,385,000)
Subscription proceeds	-	34,654	-	155,986	-	190,640
Sale of surplus property	-	47,730	-	-	-	47,730
Total other financing sources (uses)	-	82,384	-	70,986	-	153,370
Net Change in Fund Balance	4,957,439	12,917,367	(178,957)	2,578,411	(11,135,331)	9,138,929
Fund Balance - Beginning	34,457,847	58,368,647	10,808,969	4,629,567	42,722,132	150,987,162
Fund Balance - Ending	<u>\$ 39,415,286</u>	<u>\$ 71,286,014</u>	<u>\$ 10,630,012</u>	<u>\$ 7,207,978</u>	<u>\$ 31,586,801</u>	<u>\$ 160,126,091</u>

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, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 9,138,929
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 (\$34,312,499) exceeded depreciation (\$20,071,666) in the current period.	14,240,833
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.	(12,831)
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.	16,862,636
CO certificates	\$ 8,505,000
GO bonds	7,925,000
Lease liabilities	168,265
Subscription liabilities	264,371
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.	(834,593)
Subscription liabilities	\$ 834,593
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.	(338,517)
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.	(2,789,403)
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."	(1,190,228)
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.	160,449

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, 2024

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.	165,531
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.	678,099
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.	(2,723,019)
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.	999,593
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(2,225,666)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 32,131,813</u></u>

Sioux Falls School District 49-5
Statement of Net Position – Proprietary Funds
June 30, 2024

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	\$ 6,995,172	\$ 1,886,024	\$ 8,881,196	\$ 12,642,706
Accounts receivable	64,430	107,403	171,833	-
Due from other governments	92,325	-	92,325	-
Inventory of supplies	42,728	953,247	995,975	-
Inventory of stores purchased for resale	167,304	-	167,304	-
Inventory of donated food	19,297	-	19,297	-
Prepaid expenses	2,953	6,572	9,525	-
Total current assets	7,384,209	2,953,246	10,337,455	12,642,706
Noncurrent Assets				
Advance to imprest	-	15,000	15,000	-
Net pension asset	19,549	17,985	37,534	-
Capital assets				
Buildings	6,744,887	23,720	6,768,607	-
Improvements other than buildings	-	6,866	6,866	-
Machinery and equipment	6,739,309	650,146	7,389,455	165,706
Accumulated depreciation	(8,995,147)	(544,975)	(9,540,122)	(163,963)
Right-of-use lease assets	-	-	-	1,182,634
Accumulated amortization	-	-	-	(1,150,671)
Total noncurrent assets	4,508,598	168,742	4,677,340	33,706
Deferred Outflows of Resources				
Pension related deferred outflows	1,684,136	1,549,397	3,233,533	-
OPEB related deferred outflows	218,477	193,820	412,297	-
Total deferred outflows of resources	1,902,613	1,743,217	3,645,830	-
	\$ 13,795,420	\$ 4,865,205	\$ 18,660,625	\$ 12,676,412
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 88,015	\$ 871,319	\$ 959,334	\$ 30,473
Contracts and benefits payable	236,425	596,814	833,239	416
Sales tax payable	-	2,046	2,046	-
Incurred but not reported claims	-	-	-	2,600,000
Due to other funds	910,668	125,196	1,035,864	-
Accrued vacation payable	116,320	144,481	260,801	16,126
Deposits payable	-	11,295	11,295	-
Unearned revenue	380,230	-	380,230	-
Total current liabilities	1,731,658	1,751,151	3,482,809	2,647,015
Noncurrent Liabilities				
Net OPEB obligation	913,113	810,063	1,723,176	-
Lease liabilities	-	-	-	53,491
Total noncurrent liabilities	913,113	810,063	1,723,176	53,491
Deferred Inflows of Resources				
Pension related deferred inflows	982,659	904,041	1,886,700	-
OPEB related deferred inflows	124,447	110,402	234,849	-
Total deferred inflows of resources	1,107,106	1,014,443	2,121,549	-
Net Position				
Net investment in capital assets	4,489,049	135,757	4,624,806	(19,785)
Restricted for pension benefits	721,026	663,341	1,384,367	-
Unrestricted net position	4,833,468	490,450	5,323,918	9,995,691
Total net position	10,043,543	1,289,548	11,333,091	9,975,906
	\$ 13,795,420	\$ 4,865,205	\$ 18,660,625	\$ 12,676,412

Sioux Falls School District 49-5
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2024

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating Revenues				
Sales				
Tuition	\$ -	\$ 4,528,234	\$ 4,528,234	\$ -
To pupils	5,204,019	240,683	5,444,702	-
To adults	51,825	57,722	109,547	-
Bookstore sales	-	2,054,011	2,054,011	-
Self-insurance premiums	-	-	-	48,880,277
Daycare charges for services	-	4,894,294	4,894,294	-
Other local revenue	126,283	2,517,014	2,643,297	684,698
Total operating revenues	5,382,127	14,291,958	19,674,085	49,564,975
Operating Expenses				
Salaries	5,580,449	5,895,793	11,476,242	155,589
Employee benefits	2,061,650	1,827,917	3,889,567	34,667
Purchased services	548,448	4,918,832	5,467,280	4,328,243
Supplies	501,160	2,398,933	2,900,093	70,505
Cost of sales - purchased	6,195,795	388,211	6,584,006	-
Cost of sales - donated	947,628	-	947,628	-
Other	70,337	198,231	268,568	44,294,546
Depreciation	421,924	40,940	462,864	380
Amortization	-	-	-	383,557
Total operating expenses	16,327,391	15,668,857	31,996,248	49,267,487
Operating Income (Loss)	(10,945,264)	(1,376,899)	(12,322,163)	297,488
Nonoperating Revenue				
Local Sources				
Investment earnings	203,524	-	203,524	389,023
State Sources				
Cash reimbursements	29,561	-	29,561	-
Federal Sources				
Federal grants	-	124,506	124,506	-
Cash reimbursements	9,190,979	-	9,190,979	-
Donated food	948,200	-	948,200	-
Total nonoperating revenue	10,372,264	124,506	10,496,770	389,023
Nonoperating Expense				
Interest expense	-	-	-	(8,412)
Loss on disposal of capital assets	(1,284)	(1,605)	(2,889)	-
Total nonoperating revenue (expense)	10,370,980	122,901	10,493,881	380,611
Income (Loss) Before Transfers	(574,284)	(1,253,998)	(1,828,282)	678,099
Transfers in	-	85,000	85,000	-
Change in Net Position	(574,284)	(1,168,998)	(1,743,282)	678,099
Net Position - Beginning	10,617,827	2,458,546	13,076,373	9,297,807
Net Position - Ending	\$ 10,043,543	\$ 1,289,548	\$ 11,333,091	\$ 9,975,906

Sioux Falls School District 49-5
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2024

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash Flows from (used for) Operating Activities				
Cash receipts from customers	\$ 5,311,104	\$ 11,760,173	\$ 17,071,277	\$ -
Cash receipts from interfund services provided	-	-	-	50,204,037
Other operating cash receipts	126,283	2,776,976	2,903,259	684,698
Payments to employees	(7,473,114)	(7,694,412)	(15,167,526)	(192,629)
Payments to suppliers	(7,306,523)	(7,044,568)	(14,351,091)	(4,388,979)
Payments for claims	-	-	-	(44,930,865)
Net Cash from (used for) Operating Activities	(9,342,250)	(201,831)	(9,544,081)	1,376,262
Cash Flows from Noncapital Financing Activities				
Transfers in from other funds	-	85,000	85,000	-
Operating subsidies and grants	9,214,314	127,122	9,341,436	-
Net Cash from Noncapital Financing Activities	9,214,314	212,122	9,426,436	-
Cash Flows used for Capital and Related financing Activities				
Cash paid for lease liabilities - principal	-	-	-	(388,350)
Cash paid for lease liabilities - interest	-	-	-	(8,412)
Purchase of capital assets	(1,117,860)	-	(1,117,860)	-
Net Cash used for Capital and Related Financing Activities	(1,117,860)	-	(1,117,860)	(396,762)
Cash Flows from Investing Activities				
Cash received for interest	203,524	-	203,524	389,023
Net Cash from Investing Activities	203,524	-	203,524	389,023
Net Change in Cash and Cash Equivalents	(1,042,272)	10,291	(1,031,981)	1,368,523
Cash and Cash Equivalents, Beginning of Year	8,037,444	1,875,733	9,913,177	11,274,183
Cash and Cash Equivalents, End of Year	\$ 6,995,172	\$ 1,886,024	\$ 8,881,196	\$ 12,642,706
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities				
Operating income (loss)	\$ (10,945,264)	\$ (1,376,899)	\$ (12,322,163)	\$ 297,488
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities				
Depreciation and amortization expense	421,924	40,940	462,864	383,937
Value of donated commodities used	947,628	-	947,628	-
Change in assets and liabilities				
Receivables	(62,956)	244,833	181,877	1,323,760
Inventories	15,331	79,620	94,951	-
Prepaid expenses	(2,953)	10,827	7,874	-
Pension asset and deferred outflows	234,373	147,620	381,993	-
OPEB deferred outflows	(18,892)	(31,303)	(50,195)	-
Accounts and other payables	(3,040)	646,646	643,606	(626,550)
Contracts payable	16,176	(168,274)	(152,098)	(2,579)
Due to other funds	(121)	122,546	122,425	-
Accrued vacation payable	8,344	39,749	48,093	206
Deposits payable	-	358	358	-
Unearned revenue	118,216	-	118,216	-
Pension liability and deferred inflows	(152,157)	(100,168)	(252,325)	-
OPEB liability and deferred inflows	81,141	141,674	222,815	-
Net Cash from (used for) Operating Activities	\$ (9,342,250)	\$ (201,831)	\$ (9,544,081)	\$ 1,376,262
Noncash Investing, Capital and Financing Activities				
Value of commodities received	\$ 948,200	\$ -	\$ 948,200	\$ -
Loss on disposal of capital assets	1,284	-	1,284	-

Sioux Falls School District 49-5
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2024

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 589,639
Due from other funds	<u>120,997</u>
Total assets	<u><u>\$ 710,636</u></u>
Liabilities	
Due to local governments	<u>\$ 69,778</u>
Total liabilities	<u><u>\$ 69,778</u></u>
Net Position	
Restricted for individuals and organizations	<u><u>\$ 640,858</u></u>

Sioux Falls School District 49-5
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended June 30, 2024

	Custodial Funds
Additions	
Fees collected for other governments	\$ 2,084,937
Employee contributions	1,488,515
Other	24,857
	<u>3,598,309</u>
Total additions	<u>3,598,309</u>
Deductions	
Payment of fees to other governments	2,084,937
Payments to employees	1,438,444
Other	20,184
	<u>3,543,565</u>
Total deductions	<u>3,543,565</u>
Change in Net Position	54,744
Net Position - Beginning	<u>586,114</u>
Net Position - Ending	<u><u>\$ 640,858</u></u>

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, 2023.

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. These funds are 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, 2024.

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.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the School District's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 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, subscription 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 they are 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, Special Education Fund, and the Post Secondary Vocational Fund is comprised of either inventory or 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, 2024, 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, 2024, the School District’s bank balances were approximately \$206,860,000 which includes various bank accounts. Of these deposits, approximately \$621,000 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 \$486,406 in the General Fund, \$201,613 in the Capital Outlay Fund, \$158,425 in the Special Education Fund, and \$66,637 in the Bond Redemption Fund. Delinquent taxes receivable are reported net of an allowance of \$2,066,383 in the General Fund, \$908,732 in the Capital Outlay Fund, \$601,451 in the Special Education Fund, and \$199,167 in the Bond Redemption Fund.

Accounts receivable are reported net of an allowance of \$989,926 in the Post Secondary Vocational Fund, \$2,353 in the Post Secondary Bookstore Fund, and \$8,003 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, 2024, is as follows:

Primary Government	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 18,465,100	\$ 580,000	\$ -	\$ 19,045,100
Construction in process	25,934,876	13,055,171	23,156,056	15,833,991
Total capital assets not being depreciated	44,399,976	13,635,171	23,156,056	34,879,091
Capital assets being depreciated/amortized				
Buildings and improvements	530,768,339	24,748,531	-	555,516,870
Improvements other than buildings	27,353,248	8,405,745	-	35,758,993
Machinery and equipment	39,853,926	5,095,874	593,642	44,356,158
Intangible assets	-	4,133,737	149,500	3,984,237
Subscription assets	-	1,449,497	56,864	1,392,633
Right-to-use buildings	4,495,115	-	-	4,495,115
Right-to-use machinery and equipment	1,301,853	-	-	1,301,853
Total capital and right-to-use assets being depreciated/amortized	603,772,481	43,833,384	800,006	646,805,859
Less accumulated depreciation/amortization for				
Buildings and improvements	186,235,307	13,028,389	-	199,263,696
Improvements other than buildings	18,860,178	1,969,853	-	20,830,031
Machinery and equipment	32,143,254	2,363,793	580,811	33,926,236
Intangible assets	-	1,416,786	149,500	1,267,286
Subscription assets	-	806,098	56,864	749,234
Right-to-use buildings	438,455	449,053	-	887,508
Right-to-use machinery and equipment	799,238	421,631	-	1,220,869
Total accumulated depreciation/amortization	238,476,432	20,455,603	787,175	258,144,860
Total capital assets being depreciated/amortized, net	365,296,049	23,377,781	12,831	388,660,999
Governmental activities capital assets, net	\$ 409,696,025	\$ 37,012,952	\$ 23,168,887	\$ 423,540,090

Depreciation/amortization expense was charged to functions as follows:

Governmental activities	
Instruction	\$ 17,325,752
Support services	1,902,235
Community	3,012
Co-curricular activities	1,224,604
Total depreciation/amortization expense - governmental activities	\$ 20,455,603

Sioux Falls School District 49-5

Notes to Financial Statements

June 30, 2024

Business-Type Activities	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets being depreciated				
Building improvements	\$ 6,081,658	\$ 686,949	\$ -	\$ 6,768,607
Improvements other than buildings	6,866	-	-	6,866
Machinery and equipment	7,067,654	430,911	109,110	7,389,455
Total being depreciated	13,156,178	1,117,860	109,110	14,164,928
Less accumulated depreciation for				
Building improvements	4,101,730	142,863	-	4,244,593
Improvements other than buildings	5,995	343	-	6,338
Machinery and equipment	5,075,754	319,658	106,221	5,289,191
Total accumulated depreciation	9,183,479	462,864	106,221	9,540,122
Business-type activity capital assets, net	\$ 3,972,699	\$ 654,996	\$ 2,889	\$ 4,624,806
Business-type activities				
Food service				\$ 440,368
Community services				15,408
Bookstore services				6,475
Instruction				613
Total depreciation expense - business-type activities				\$ 462,864

As of June 30, 2024, the School District had remaining commitments of approximately \$26,620,000 related to the ongoing construction of various significant construction projects.

Note 5 - Long-Term Liabilities, Leases, and Subscription Based Information Technology Arrangements (SBITAs)

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

Primary Government	Balance July 1, 2023	Issued	Retired	Balance June 30, 2024	Due Within One Year
Governmental Activities					
Capital outlay certificates	\$ 75,655,000	\$ -	\$ 8,505,000	\$ 67,150,000	\$ 8,900,000
Unamortized premium	2,543,318	-	884,771	1,658,547	-
Unamortized discount	(3,399)	-	(3,399)	-	-
Total capital outlay certificates	78,194,919	-	9,386,372	68,808,547	8,900,000
General obligation bonds	203,360,000	-	7,925,000	195,435,000	7,960,000
Unamortized premium	888,313	-	118,221	770,092	-
Total general obligation bonds	204,248,313	-	8,043,221	196,205,092	7,960,000
Subscription liabilities	-	834,593	264,371	570,222	262,580
Lease liabilities	4,854,729	-	556,615	4,298,114	228,447
Total other liabilities	4,854,729	834,593	820,986	4,868,336	491,027
Total debt	287,297,961	834,593	18,250,579	269,881,975	17,351,027
OPEB liability	30,669,601	1,438,452	-	32,108,053	-
Accrued vacation payable	2,830,252	2,404,035	2,065,312	3,168,975	3,168,975
Total governmental activities	\$ 320,797,814	\$ 4,677,080	\$ 20,315,891	\$ 305,159,003	\$ 20,520,002

Sioux Falls School District 49-5

Notes to Financial Statements

June 30, 2024

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

Primary Government	Balance July 1, 2023	Issued	Retired	Balance June 30, 2024	Due Within One Year
Business-Type Activities					
OPEB liability	\$ 1,614,837	\$ 108,339	\$ -	\$ 1,723,176	\$ -
Accrued vacation payable	212,708	212,500	164,407	260,801	260,801
Total business-type activities	<u>\$ 1,827,545</u>	<u>\$ 320,839</u>	<u>\$ 164,407</u>	<u>\$ 1,983,977</u>	<u>\$ 260,801</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, 2024, is as follows:

Issue	Maturity Date	Interest Rate	Amount
2011	1/1/2027	4.80 - 4.85%	\$ 1,835,000
2017A	8/1/2029	3.00 - 5.00%	6,660,000
2017B	2/1/2031	1.375 - 5.00%	15,035,000
2017C	8/1/2033	3.00 - 5.00%	30,080,000
2019	2/1/2026	2.00 - 4.00%	3,995,000
2021	8/1/2035	.215 - 1.998%	9,545,000
			<u>\$ 67,150,000</u>

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

Year Ending June 30,	Capital Outlay Certificates		
	Principal	Interest	Total
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	7,750,000	1,041,160	8,791,160
2030-2034	25,805,000	1,991,810	27,796,810
2035-2038	1,340,000	26,653	1,366,653
	<u>\$ 67,150,000</u>	<u>\$ 10,348,970</u>	<u>\$ 77,498,970</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, 2024, is as follows:

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2021	8/1/2039	.157 - 2.672%	\$ 144,135,000
2022	8/1/2046	3.00%	51,300,000
			<u>\$ 195,435,000</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>
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	8,310,000	3,966,935	12,276,935
2030-2034	43,890,000	17,482,644	61,372,644
2035-2039	49,080,000	12,293,536	61,373,536
2040-2044	38,585,000	6,188,649	44,773,649
2045-2049	23,310,000	1,062,900	24,372,900
	<u>\$ 195,435,000</u>	<u>\$ 57,836,435</u>	<u>\$ 253,271,435</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 \$2,108,377 respectively, as of June 30, 2024.

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

Year Ending June 30,	Lease Liabilities		
	Principal	Interest	Total
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	159,408	132,112	291,520
2030-2033	3,460,718	390,768	3,851,486
	<u>\$ 4,298,114</u>	<u>\$ 1,105,304</u>	<u>\$ 5,403,418</u>

The School District has entered into various SBITA contracts for various educational and administrative software platforms and programs. The School District is required to make principal and interest payments through 2028 based on the terms of the contracts. The subscription liability was valued using discount rates approximating 5% based on the School District's incremental borrowing rate at the inception of the subscriptions. The total amount of right-to-use subscription assets, and the related accumulated amortization of right-to-use subscription assets was \$1,392,633 and \$749,234 respectively, as of June 30, 2024.

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

Year Ending June 30,	Subscription Liabilities		
	Principal	Interest	Total
2025	\$ 262,580	\$ 28,511	\$ 291,091
2026	240,818	15,382	256,200
2027	32,477	3,341	35,818
2028	34,347	1,717	36,064
	<u>\$ 570,222</u>	<u>\$ 48,951</u>	<u>\$ 619,173</u>

A summary of changes in the component unit's long-term liabilities for the year ended December 31, 2023, is as follows:

Component Unit	Balance January 1, 2023	Issued	Retired	Balance December 31, 2023	Due Within One Year
Direct borrowings	<u>\$ 2,499,371</u>	<u>\$ -</u>	<u>\$ 149,704</u>	<u>\$ 2,349,667</u>	<u>\$ 136,953</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 the component unit's direct borrowing are as follows:

Year Ending December 31,	Component Unit		
	Principal	Interest	Total
2024	\$ 136,953	\$ 138,663	\$ 275,616
2025	141,324	134,292	275,616
2026	2,071,390	42,772	2,114,162
	<u>\$ 2,349,667</u>	<u>\$ 315,727</u>	<u>\$ 2,665,394</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, 2024, 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:

Purpose	Restricted By	Amount
Capital outlay	Law	\$ 65,828,337
Special education	Law	10,574,167
SDRS pension benefits	Law	26,030,863
Post secondary vocational	Law	6,607,595
Debt service	Law	9,513,807
Total restricted net position		<u>\$ 118,554,769</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, 2024. 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	126
Active employees	<u>2,972</u>
	<u><u>3,098</u></u>

Total OPEB Liability

The School District's total OPEB liability of \$33,831,229 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	3.50% per annum
Discount rate	3.93% per annum - Bond Buyer 20-Bond GO index
Healthcare cost trend rates	7.75% decreasing by .30% each year for 10 years, and .10% thereafter 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	Male spouses assumed to be three years older than female spouses where no specific date of birth was provided.
Termination	Same as 2023 SDRS
Retirement Age	Same as 2023 SDRS

Changes in the Net OPEB Liability

Balance at July 1, 2023	\$ 32,284,438
Service cost	2,117,353
Interest cost	1,240,042
Difference between expected and actual experience	(2,665,773)
Changes in assumptions or other inputs	1,711,233
Benefit payments	(856,064)
Net change	<u>1,546,791</u>
Balance at June 30, 2024	<u><u>\$ 33,831,229</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	2.93%	3.93%	4.93%
Total OPEB Liability	\$ 37,105,000	\$ 33,831,229	\$ 30,865,000

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	6.75%	7.75%	8.75%
Total OPEB Liability	\$ 29,638,000	\$ 33,831,229	\$ 38,833,000

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

For the year ended June 30, 2024, the School District recognized an increase of health insurance expense of approximately \$2,896,000 due to OPEB. At June 30, 2024, 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	\$ 4,650,428	\$ 3,475,615
Changes of assumptions/inputs	3,444,244	1,135,191
Total	<u>\$ 8,094,672</u>	<u>\$ 4,610,806</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>
2025	\$ 394,307
2026	394,307
2027	394,307
2028	394,307
2029	394,307
Thereafter	1,512,331
	<u>\$ 3,483,866</u>

Note 8 - Contingencies

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.

Amounts received or receivable from federal or state agencies are subject to agency audit and adjustments. Any disallowed costs, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of funds which may be disallowed by the agencies cannot be determined at this time. The School District believes, however, that any liability it may incur would not have a material adverse effect on its financial condition or its 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, 2024, 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, 2024, an estimated liability of \$2,600,000 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, 2024, the insurance trust internal service fund had a net position balance of \$9,281,051.

The following is a history of the claims activity for the fund for the years ended June 30, 2024, 2023, and 2022, respectively.

	2024	2023	2022
Amount of claim liabilities, beginning of year	\$ 3,200,000	\$ 2,800,000	\$ 3,200,000
Incurred claims	44,330,865	44,948,029	41,568,211
Claims paid	(44,930,865)	(44,548,029)	(41,968,211)
Amount of claim liabilities, end of year	<u>\$ 2,600,000</u>	<u>\$ 3,200,000</u>	<u>\$ 2,800,000</u>

Workers' Compensation Insurance

The School District purchases liability insurance for workers' 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, 2024, claims filed for unemployment benefits resulted in the payment of benefits in the amount of \$6,704.

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). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in 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, 2024, 2023, and 2022, were \$11,927,176, \$11,187,937, and \$10,379,611, 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, 2023, 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, 2023, and reported by the School District as of June 30, 2024, are as follows:

Proportionate share of total pension liability	\$ 1,047,806,626
Less proportionate share of net position restricted for pension benefits	<u>1,048,512,393</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (705,767)</u></u>

At June 30, 2024, the School District reported a liability (asset) of (\$705,767) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, 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, 2023, the School District's proportion was 7.230894%, which is a decrease of .012408% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized a reduction of pension expense of \$2,355,333. At June 30, 2024, 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	\$ 20,005,327	\$ -
Changes in assumption	24,129,210	35,271,534
Net difference between projected and actual earnings on pension plan investments	4,698,758	-
Changes in proportion and difference between School District contributions and proportionate share of contributions	41,077	204,918
School District contributions subsequent to the measurement date	<u>11,927,176</u>	<u>-</u>
Total	<u><u>\$ 60,801,548</u></u>	<u><u>\$ 35,476,452</u></u>

There is \$11,927,176 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	Amount
2025	\$ 9,550,480
2026	(10,780,941)
2027	13,633,440
2028	994,941
Total	<u>\$ 13,397,920</u>

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	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	1.91%

Mortality Rates:

- All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020
- Active and Terminated Vested Members:
 - Teachers, Certified Regents, and Judicial: PubT-2010
 - Other Class A Members: PubG-2010
 - Public Safety Members: PubS-2010
- Retired Members:
 - Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
 - Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
 - Public Safety Retirees: PubS-2010, 102% of rates at all ages
- Beneficiaries:
 - PubG-2010 contingent survivor mortality table
- Disabled Members:
 - Public Safety: PubS-2010 disabled member mortality table
 - Others: PubG-2010 disabled member mortality table

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). 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, 2023, (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension 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)	\$ 144,657,576	\$ (705,767)	\$ (119,585,253)

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. 148 employees were expected to be eligible for early retirement benefits by February 1, 2025, 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, 2024, were approximately \$279,000.

Note 13 - Interfund Balances and Interfund Transfers

At June 30, 2024, the following funds had interfund balances:

Fund	Interfund	
	Receivable	Payable
General	\$ 122,613	\$ 83,942
Capital outlay	907,238	-
Special education	-	23,155
Post secondary vocational	-	7,887
Food service	-	910,668
Post secondary food service	-	12,929
Community relations	-	2,583
House construction	-	109,684
Custodial	120,997	-
	<u>\$ 1,150,848</u>	<u>\$ 1,150,848</u>

The purpose of the interfund balances is for reimbursement of expenses that were incurred during 2024, but not reimbursed until subsequent to June 30, 2024, 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, 2024, the following interfund transfers occurred:

Transfers from fund:	Transfers to fund:	
	Post Secondary Food Service	New Elementary
Post Secondary Fund	\$ 85,000	\$ -
Capital Improvement Plan	-	6,300,000
	<u>\$ 85,000</u>	<u>\$ 6,300,000</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

Subsequent to June 30, 2024, and prior to the issuance of these financial statements, the School District awarded bids or contracts for the following significant projects or capital asset acquisitions:

- December 2024 – the School District approved a bid in the amount of \$5,550,000 for the construction of an agriculture and carpentry addition to the Career & Technical Education Academy.
- February 2025 – the School District approved a bid in the amount of \$2,007,945 for Roosevelt High School science lab area renovations and lighting retrofit.
- February 2025 – the School District approved a bid in the amount of \$346,490 for Oscar Howe and Discovery Elementary School parking lot and playground resurfacing.
- February 2025 – the School District approved a bid in the amount of \$1,448,398 for Patrick Henry and Edison Middle School home economics and restroom renovations and lighting retrofit.
- February 2025 – the School District approved a bid in the amount of \$314,800 for Renberg Elementary School HVAC replacement.
- February 2025 – the School District approved the purchase property at 528 North Indiana Avenue and 502 North Fairfax Avenue in the total amount of \$438,000.
- March 2025 – the School District approved a bid in the amount of \$4,470,350 for Lincoln High School auditorium renovations.

Sioux Falls School District 49-5



Required Supplementary Information
June 30, 2024

Sioux Falls School District 49-5
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 2,117,353	\$ 2,082,438	\$ 1,722,533	\$ 1,671,249	\$ 1,279,768	\$ 1,240,912	\$ 1,194,678
Interest	1,240,042	1,135,798	546,717	528,845	761,471	769,373	749,887
Difference between expected and actual experience	(2,665,773)	-	6,102,201	-	-	-	-
Changes of assumptions or other inputs	1,711,233	(318,907)	(818,755)	108,006	650,487	719,881	(545,308)
Benefit payments	<u>(856,064)</u>	<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	1,546,791	1,665,071	6,555,951	1,301,967	1,878,086	1,757,510	681,554
Total OPEB liability - beginning	<u>32,284,438</u>	<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>\$ 33,831,229</u>	<u>\$ 32,284,438</u>	<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>
Covered-employee payroll	\$ 191,497,961	\$ 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	17.67%	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 rate has been updated from 3.65% to 3.93%.
- The trend rates were updated to an initial rate of 7.75%, grading down to an ultimate rate of 4.00%. The initial rate and the grade-down period is extended to account for recent inflationary pressures and price increases over the next couple of years.
- The termination and retirement rates are updated to the rates used in the 2023 South Dakota Retirement System Actuarial Valuation.

Sioux Falls School District 49-5
Budgetary Comparison Schedule – Budgetary Basis – General Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Revenue from local sources				
Taxes				
Ad valorem taxes	\$ 82,586,114	\$ 82,586,114	\$ 84,058,933	\$ 1,472,819
Prior year's ad valorem taxes	-	-	1,023,707	1,023,707
Tax deed revenue	-	-	5,520	5,520
Gross receipts taxes	2,000,000	2,000,000	1,280,882	(719,118)
Other taxes	275,000	275,000	258,873	(16,127)
Penalties and interest on taxes	120,000	120,000	189,820	69,820
Tuition and fees	50,000	51,290	487,948	436,658
Earnings on investments and deposits	1,500,000	1,500,000	5,495,312	3,995,312
Co-curricular activities				
Admissions	197,000	197,000	264,810	67,810
Bookstore sales	-	-	6,550	6,550
Other student activity income	23,000	88,814	61,742	(27,072)
Other revenue from local sources				
Rentals	50,000	50,000	111,862	61,862
Contributions and donations	395,214	395,214	311,350	(83,864)
Judgments	-	-	2,977	2,977
Charges for services	450,000	450,000	504,104	54,104
Other	727,786	6,024,807	7,037,210	1,012,403
Revenue from intermediate sources				
County sources				
County apportionment	1,200,000	1,200,000	837,306	(362,694)
Revenue from state sources				
Grants-in-aid				
Unrestricted grants-in-aid	106,282,326	106,282,326	103,041,700	(3,240,626)
Restricted grants-in-aid	-	311,272	307,088	(4,184)
Tuition	-	-	139,503	139,503
Other state revenue	4,184	34,597	42,278	7,681
Revenue from federal sources				
Grants-in-aid				
Restricted grants-in-aid received directly from federal government	3,682,052	3,682,052	3,876,909	194,857
Restricted grants-in-aid received from federal government through the state	21,610,469	24,102,378	26,699,385	2,597,007
Johnson O'Malley funds	13,500	13,500	13,987	487
Other federal revenue	2,000	2,000	2,893	893
Total revenues	<u>221,168,645</u>	<u>229,366,364</u>	<u>236,062,649</u>	<u>6,696,285</u>

Sioux Falls School District 49-5
Budgetary Comparison Schedule – Budgetary Basis – General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instruction				
Regular programs				
Elementary schools	47,488,873	51,797,942	51,261,186	536,756
Middle/junior high schools	26,389,019	28,869,366	29,687,303	(817,937)
High school	37,626,987	40,410,455	38,085,440	2,325,015
Preschool services	-	17,627	240,902	(223,275)
Special programs				
Gifted and talented	884,009	903,422	900,863	2,559
Culturally different	8,274,726	7,924,024	6,765,399	1,158,625
Educationally deprived	7,382,389	5,329,051	5,075,773	253,278
Other special programs	8,431,484	(1,105,233)	6,968,971	(8,074,204)
Support services				
Pupils				
Attendance and social work	1,700,380	2,168,151	1,979,930	188,221
Guidance	6,685,975	8,232,184	7,399,087	833,097
Health	1,458,529	1,498,472	1,450,546	47,926
Support services - instructional staff				
Improvement of instruction	7,863,453	8,694,172	7,708,167	986,005
Educational media	4,161,138	4,469,274	4,547,198	(77,924)
Support services - general administration				
Board of Education	1,354,448	1,306,627	1,743,421	(436,794)
Executive administration	1,488,022	1,105,833	1,170,084	(64,251)
Support services - school administration				
Office of the Principal	15,993,366	17,008,724	15,582,228	1,426,496
Title I program administration	-	32,356	38,795	(6,439)
Other support services	908,928	2,245,927	2,022,051	223,876
Support services - business				
Fiscal services	2,093,106	2,231,523	1,893,746	337,777
Operation and maintenance of plant	25,469,178	25,341,960	22,815,777	2,526,183
Pupil transportation	4,653,474	6,326,155	6,862,450	(536,295)
Food services	309,702	875,180	842,808	32,372
Internal services	-	1,000	93,424	(92,424)
Support services - central				
Planning	-	1,224,389	1,156,205	68,184
Staff	1,457,556	1,481,294	1,570,619	(89,325)
Data processing	4,742,539	5,072,682	4,830,150	242,532
Community services				
Nonpublic school	-	204,994	217,141	(12,147)
Other	508,445	-	78,782	(78,782)
Nonprogrammed costs				
Payments to state - unemployment	-	15,000	6,704	8,296
Early retirement payments	1,040,757	1,000,000	463,805	536,195
Co-curricular activities				
Male activities	1,600,000	2,275,794	2,152,850	122,944
Female activities	1,400,000	2,015,825	1,881,227	134,598
Combined activities	2,657,127	3,374,778	3,612,178	(237,400)
Total expenditures	224,023,610	232,348,948	231,105,210	1,243,738
Excess of Revenue over (under) Expenditures	(2,854,965)	(2,982,584)	4,957,439	7,940,023

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	-	4,250,000	-	(4,250,000)
Total other financing sources (uses)	-	4,250,000	-	(4,250,000)
Net Change in Fund Balances	(2,854,965)	1,267,416	4,957,439	3,690,023
Fund Balance - Beginning	34,457,847	34,457,847	34,457,847	-
Fund Balance - Ending	<u>\$ 31,602,882</u>	<u>\$ 35,725,263</u>	<u>\$ 39,415,286</u>	<u>\$ 3,690,023</u>

Sioux Falls School District 49-5
Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Taxes				
Ad valorem taxes	\$ 36,520,182	\$ 36,520,182	\$ 36,028,251	\$ (491,931)
Prior year's ad valorem taxes	-	-	384,257	384,257
Other taxes	11,000	11,000	107,981	96,981
Penalties and interest on taxes	-	-	61,466	61,466
Tuition and fees	40,572	40,572	45,021	4,449
Earnings on investments and deposits	260,000	260,000	1,513,658	1,253,658
Other revenue from local sources				
Rentals	-	-	8,800	8,800
Contributions and donations	8,200	8,200	8,200	-
Judgments	497	497	972	475
Other	190,023	837,029	1,178,959	341,930
Revenue from state sources				
Other state revenue	-	92,984	92,984	-
Revenue from federal sources				
Grants-in-aid				
Restricted grants-in-aid received directly from federal government	214,000	217,500	5,335	(212,165)
Restricted grants-in-aid received from federal government through the state	6,664	300,832	436,461	135,629
Other federal revenue	150,000	150,000	85,859	(64,141)
Total revenues	37,401,138	38,438,796	39,958,204	1,519,408
Expenditures				
Instruction				
Regular programs				
Elementary schools	1,438,865	1,548,458	927,139	621,319
Middle/junior high schools	801,450	964,249	1,139,659	(175,410)
High school	1,061,617	1,356,473	1,468,805	(112,332)
Special programs				
Programs for special education	-	1,500	8,842	(7,342)
Other special programs	-	261,577	247,157	14,420
Support services				
Pupils				
Health	10,695	15,197	15,804	(607)
Support services - instructional staff				
Improvement of instruction	-	2,155	2,155	-
Educational media	-	26,979	52,814	(25,835)
Support services - general administration				
Executive administration	-	-	730	(730)
Support services - school administration				
Office of the Principal	-	77,626	47,438	30,188
Other support services	-	-	2,986	(2,986)
Support services - business				
Fiscal services	215,225	184,749	621,606	(436,857)
Facilities acquisition and construction	8,625,394	11,249,572	7,235,857	4,013,715
Operation and maintenance of plant	789,830	922,688	782,966	139,722
Pupil transportation	-	64,627	64,627	-
Support services - central				
Planning	-	-	1,500	(1,500)
Data processing	1,244,275	1,244,275	1,427,466	(183,191)

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community services				
Nonpublic school	-	-	2,572	(2,572)
Nonprogrammed charges				
Other nonprogrammed costs	1,132,967	1,132,967	1,145,668	(12,701)
Debt services	11,218,836	11,218,836	11,218,837	(1)
Co-curricular activities				
Male activities	200,000	288,545	286,975	1,570
Female activities	100,000	151,011	146,547	4,464
Combined activities	62,716	201,373	275,071	(73,698)
Total expenditures	26,901,870	30,912,857	27,123,221	3,789,636
Excess of Revenue over Expenditures	10,499,268	7,525,939	12,834,983	5,309,044
Other Financing Sources (Uses)				
Transfers out	-	(4,250,000)	-	4,250,000
Subscription proceeds	-	-	34,654	34,654
Sale of surplus property	-	43,499	47,730	(4,231)
Total other financing sources (uses)	-	(4,206,501)	82,384	4,280,423
Net Change in Fund Balances	10,499,268	3,319,438	12,917,367	9,589,467
Fund Balance - Beginning	58,368,647	58,368,647	58,368,647	-
Fund Balance - Ending	<u>\$ 68,867,915</u>	<u>\$ 61,688,085</u>	<u>\$ 71,286,014</u>	<u>\$ 9,589,467</u>

Sioux Falls School District 49-5
Budgetary Comparison Schedule – Budgetary Basis – Special Education Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Taxes				
Ad valorem taxes	\$ 26,236,591	\$ 26,236,591	\$ 26,975,867	\$ 739,276
Prior year's ad valorem taxes	-	-	270,812	270,812
Other taxes	10,000	10,000	81,618	71,618
Penalties and interest on taxes	15,000	15,000	42,083	27,083
Tuition and fees	117,000	117,000	299,246	182,246
Earnings on investments and deposits	300,000	300,000	531,903	231,903
Other revenue from local sources				
Contributions and donations	-	1,581	1,707	126
Charges for services	483,784	500,000	708,255	208,255
Other	16,216	16,216	16,184	(32)
Revenue from state sources				
Grants-in-aid				
Restricted grants-in-aid	23,390,946	23,390,946	23,497,624	106,678
Tuition	10,000	43,842	40,549	(3,293)
Other state revenue	-	-	438	438
Revenue from federal sources				
Grants-in-aid				
Restricted grants-in-aid received from federal government through the state	6,760,000	6,879,984	5,549,472	(1,330,512)
Total revenues	<u>57,339,537</u>	<u>57,511,160</u>	<u>58,015,758</u>	<u>504,598</u>
Expenditures				
Instruction				
Special programs				
Programs for special education	40,890,996	39,805,850	38,905,487	900,363
Coordinated early intervening services instruction	-	832,383	720,211	112,172
Support services				
Pupils				
Health	-	10,558	43,240	(32,682)
Psychological	-	42,230	3,280	38,950
Speech pathology	4,063,286	4,141,129	4,241,969	(100,840)
Student therapy services	2,813,733	2,793,846	2,828,509	(34,663)
Orientation and mobility services	215,803	153,115	117,217	35,898
Support services - instructional staff				
Improvement of instruction	-	-	95,149	(95,149)
Support services - special education				
Administrative costs	3,367,448	2,418,031	3,688,308	(1,270,277)
Transportation costs	3,101,694	2,977,562	3,371,463	(393,901)
Other special education costs	4,096,299	5,636,590	4,065,332	1,571,258
Nonprogrammed charges				
Early retirement payments	125,409	120,000	52,444	67,556
Debt services	-	-	62,106	(62,106)
Total expenditures	<u>58,674,668</u>	<u>58,931,294</u>	<u>58,194,715</u>	<u>736,579</u>
Net Change in Fund Balances	(1,335,131)	(1,420,134)	(178,957)	1,241,177
Fund Balance - Beginning	<u>10,808,969</u>	<u>10,808,969</u>	<u>10,808,969</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 9,473,838</u>	<u>\$ 9,388,835</u>	<u>\$ 10,630,012</u>	<u>\$ 1,241,177</u>

Sioux Falls School District 49-5
Budgetary Comparison Schedule – Budgetary Basis – Post Secondary Vocational Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Tuition and fees	\$ 357,000	\$ 357,000	\$ 250,072	\$ (106,928)
Post secondary program tuition and fees	13,938,962	13,938,962	14,383,711	444,749
Earnings on investments and deposits	150,000	150,000	426,435	276,435
Co-curricular activities				
Bookstore sales	661,240	661,240	678,810	17,570
Post secondary				
Resales/services - occupational programs	87,000	87,000	72,526	(14,474)
Other revenue from local sources				
Rentals	21,000	21,000	8,250	(12,750)
Contributions and donations	4,689,402	4,689,402	4,342,343	(347,059)
Other	395,584	395,584	464,542	68,958
Revenue from state sources				
Grants-in-aid				
Unrestricted grants-in-aid	10,638,336	10,638,336	10,960,910	322,574
Other state revenue	6,302,799	6,302,799	4,817,727	(1,485,072)
Revenue from federal sources				
Restricted grants-in-aid				
received from federal government				
through the state	1,128,831	1,128,831	1,199,890	71,059
Other federal revenue	1,179,784	1,179,784	1,478,565	298,781
Total revenues	39,549,938	39,549,938	39,083,781	(466,157)
Expenditures				
Instruction				
Adult continuing education programs	454,625	454,625	385,590	69,035
Post secondary occupational programs	19,424,170	19,457,003	17,273,740	2,183,263
Support services				
Pupils				
Guidance	1,142,300	1,142,300	1,144,320	(2,020)
Support services - instructional staff				
Improvement of instruction	1,705,586	1,705,586	1,799,069	(93,483)
Support services - general administration				
Board of Education	385,700	385,700	415,192	(29,492)
Executive administration	155,799	155,799	155,898	(99)
Support services - school administration				
Financial aid administration	406,259	406,259	404,097	2,162
Other support services	3,879,157	3,879,157	4,033,823	(154,666)
Support services - business				
Fiscal services	1,115,623	1,115,623	1,434,927	(319,304)
Facilities acquisition and construction	5,827,757	5,827,757	3,646,376	2,181,381
Operation and maintenance of plant	2,386,970	2,386,970	2,332,622	54,348
Internal services	21,700	21,700	24,261	(2,561)
Support services - central				
Staff	4,000	4,000	12,198	(8,198)
Data processing	2,580,633	2,580,633	3,220,540	(639,907)

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Post Secondary Vocational Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Debt services	-	-	267,158	(267,158)
Co-curricular activities				
Combined activities	29,289	29,289	26,545	2,744
Total expenditures	39,519,568	39,552,401	36,576,356	2,976,045
Excess of Revenue under Expenditures	30,370	(2,463)	2,507,425	2,509,888
Other Financing Sources (Uses)				
Transfers out	(85,000)	(85,000)	(85,000)	-
Subscription proceeds	-	-	155,986	155,986
Total other financing sources (uses)	(85,000)	(85,000)	70,986	155,986
Net Change in Fund Balances	(54,630)	(87,463)	2,578,411	2,665,874
Fund Balance - Beginning	4,629,567	4,629,567	4,629,567	-
Fund Balance - Ending	<u>\$ 4,574,937</u>	<u>\$ 4,542,104</u>	<u>\$ 7,207,978</u>	<u>\$ 2,665,874</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, 2024

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	6/30/2024	7.2309%	\$ (705,767)	\$ 186,022,663	-0.38%	100.10%
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%

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, 2024

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	6/30/2024	\$ 11,927,176	\$ 11,927,176	\$ -	\$ 198,485,539	6.0%
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%

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

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

Actuarial Method Changes

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

Sioux Falls School District 49-5



Supplementary Information
June 30, 2024

Sioux Falls School District 49-5
Combining Balance Sheets – Nonmajor Governmental Funds
June 30, 2024

	Debt Service Fund	Capital Project Funds					
	Bond Redemption	New Elementary	Capital Improvement Plan	Hail Damage	New High School	New Middle School	Totals
Assets							
Cash and cash equivalents	\$ 6,977,724	\$ 1,093,624	\$ 11,697,954	\$ 3,836,065	\$ 4,970,113	\$ 5,241,407	\$ 33,816,887
Taxes receivable - current	5,638,396	-	-	-	-	-	5,638,396
Taxes receivable - delinquent	64,761	-	-	-	-	-	64,761
Total assets	\$ 12,680,881	\$ 1,093,624	\$ 11,697,954	\$ 3,836,065	\$ 4,970,113	\$ 5,241,407	\$ 39,520,044
Liabilities							
Accounts payable	\$ -	\$ 888,449	\$ 126,290	\$ 402,294	\$ -	\$ 436,602	\$ 1,853,635
Total liabilities	-	888,449	126,290	402,294	-	436,602	1,853,635
Deferred Inflows of Resources							
Unavailable revenue-delinquent property taxes	64,761	-	-	-	-	-	64,761
Taxes levied for future period	6,014,847	-	-	-	-	-	6,014,847
Total deferred inflows of resources	6,079,608	-	-	-	-	-	6,079,608
Fund Balance							
Restricted for							
Debt service	6,601,273	-	-	-	-	-	6,601,273
Capital projects	-	205,175	11,571,664	-	4,970,113	4,804,805	21,551,757
Assigned for							
Hail damage projects	-	-	-	3,433,771	-	-	3,433,771
Total fund balance	6,601,273	205,175	11,571,664	3,433,771	4,970,113	4,804,805	31,586,801
	\$ 12,680,881	\$ 1,093,624	\$ 11,697,954	\$ 3,836,065	\$ 4,970,113	\$ 5,241,407	\$ 39,520,044

Sioux Falls School District 49-5

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds Year Ended June 30, 2024

	Debt Service Fund	Capital Project Funds					
	Bond Redemption	New Elementary	Capital Improvement Plan	Hail Damage	New High School	New Middle School	Totals
Revenues							
Revenue from local sources							
Taxes							
Ad valorem taxes	\$ 11,873,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,873,990
Prior year's ad valorem taxes	115,824	-	-	-	-	-	115,824
Other taxes	35,561	-	-	-	-	-	35,561
Penalties and interest on taxes	16,347	-	-	-	-	-	16,347
Earnings on investments and deposits	115,339	18	16	-	-	295,195	410,568
Other revenue from local sources							
Judgments	-	-	-	3,745,280	-	-	3,745,280
Total revenues	12,157,061	18	16	3,745,280	-	295,195	16,197,570
Expenditures							
Debt services	12,278,104	-	-	-	-	-	12,278,104
Capital outlay	-	6,068,074	6,971,762	736,800	163,929	1,114,232	15,054,797
Total expenditures	12,278,104	6,068,074	6,971,762	736,800	163,929	1,114,232	27,332,901
Excess of Revenue over (under) Expenditures	(121,043)	(6,068,056)	(6,971,746)	3,008,480	(163,929)	(819,037)	(11,135,331)
Other Financing Sources (Uses)							
Transfers in	-	6,300,000	-	-	-	-	6,300,000
Transfers out	-	-	(6,300,000)	-	-	-	(6,300,000)
Total other financing sources	-	6,300,000	(6,300,000)	-	-	-	-
Net Change in Fund Balances	(121,043)	231,944	(13,271,746)	3,008,480	(163,929)	(819,037)	(11,135,331)
Fund Balance (Deficit) - Beginning	6,722,316	(26,769)	24,843,410	425,291	5,134,042	5,623,842	42,722,132
Fund Balance (Deficit) - Ending	\$ 6,601,273	\$ 205,175	\$ 11,571,664	\$ 3,433,771	\$ 4,970,113	\$ 4,804,805	\$ 31,586,801

Sioux Falls School District 49-5
Combining Statements of Net Position – Nonmajor Proprietary Funds
June 30, 2024

	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	\$ 1,107,713	\$ -	\$ 81,350	\$ 696,961	\$ -	\$ 1,886,024	\$ 11,911,524	\$ 731,182	\$ 12,642,706
Accounts receivable, net	59,461	5,251	9,691	-	33,000	107,403	-	-	-
Inventory of supplies	949,458	3,789	-	-	-	953,247	-	-	-
Prepaid expenses	-	-	-	6,572	-	6,572	-	-	-
Total current assets	2,116,632	9,040	91,041	703,533	33,000	2,953,246	11,911,524	731,182	12,642,706
Noncurrent Assets									
Advance to imprest	-	-	-	15,000	-	15,000	-	-	-
Net pension asset	602	387	816	16,180	-	17,985	-	-	-
Capital assets									
Buildings	23,720	-	-	-	-	23,720	-	-	-
Improvements other than buildings	-	-	6,866	-	-	6,866	-	-	-
Machinery and equipment	286,998	186,842	10,303	154,874	11,129	650,146	-	165,706	165,706
Accumulated depreciation	(286,287)	(148,371)	(16,641)	(87,450)	(6,226)	(544,975)	-	(163,963)	(163,963)
Right-of-use lease assets	-	-	-	-	-	-	-	1,182,634	1,182,634
Accumulated amortization	-	-	-	-	-	-	-	(1,150,671)	(1,150,671)
Total noncurrent assets	25,033	38,858	1,344	98,604	4,903	168,742	-	33,706	33,706
Deferred Outflows of Resources									
Pension related deferred outflows	51,820	33,381	70,305	1,393,891	-	1,549,397	-	-	-
OPEB related deferred outflows	6,841	4,566	9,579	172,834	-	193,820	-	-	-
Total deferred outflows of resources	58,661	37,947	79,884	1,566,725	-	1,743,217	-	-	-
	\$ 2,200,326	\$ 85,845	\$ 172,269	\$ 2,368,862	\$ 37,903	\$ 4,865,205	\$ 11,911,524	\$ 764,888	\$ 12,676,412

Sioux Falls School District 49-5
Combining Statements of Net Position – Nonmajor Proprietary Funds
June 30, 2024

	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Internal Service Funds		
							Insurance Trust	Reprographics	Totals
Liabilities									
Current Liabilities									
Accounts payable	\$ 96,884	\$ 2,015	\$ 235	\$ 733,082	\$ 39,103	\$ 871,319	\$ 30,473	\$ -	\$ 30,473
Contracts and benefits payable	9,510	5,146	22,755	554,405	4,998	596,814	-	416	416
Sales tax payable	-	-	-	-	2,046	2,046	-	-	-
Incurred but not reported claims	-	-	-	-	-	-	2,600,000	-	2,600,000
Due to other funds	-	12,929	-	2,583	109,684	125,196	-	-	-
Accrued vacation payable	15,206	13,868	-	115,407	-	144,481	-	16,126	16,126
Deposits payable	-	-	-	11,295	-	11,295	-	-	-
Total current liabilities	121,600	33,958	22,990	1,416,772	155,831	1,751,151	2,630,473	16,542	2,647,015
Noncurrent Liabilities									
Net OPEB obligation	28,592	19,084	40,035	722,352	-	810,063	-	-	-
Lease liabilities	-	-	-	-	-	-	-	53,491	53,491
Total noncurrent liabilities	28,592	19,084	40,035	722,352	-	810,063	-	53,491	53,491
Deferred Inflows of Resources									
Pension related deferred inflows	30,236	19,477	41,021	813,307	-	904,041	-	-	-
OPEB related deferred inflows	3,897	2,601	5,456	98,448	-	110,402	-	-	-
Total deferred inflows of resources	34,133	22,078	46,477	911,755	-	1,014,443	-	-	-
Net Position									
Net investment in capital assets	24,431	38,471	528	67,424	4,903	135,757	-	(19,785)	(19,785)
Restricted for pension benefits	22,186	14,291	30,100	596,764	-	663,341	-	-	-
Unrestricted net position	1,969,384	(42,037)	32,139	(1,346,205)	(122,831)	490,450	9,281,051	714,640	9,995,691
Total net position	2,016,001	10,725	62,767	(682,017)	(117,928)	1,289,548	9,281,051	694,855	9,975,906
	\$ 2,200,326	\$ 85,845	\$ 172,269	\$ 2,368,862	\$ 37,903	\$ 4,865,205	\$ 11,911,524	\$ 764,888	\$ 12,676,412

Sioux Falls School District 49-5

Combining Statements of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds Year Ended June 30, 2024

							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	\$ -	\$ -	\$ -	\$ 4,528,234	\$ -	\$ 4,528,234	\$ -	\$ -	\$ -
To pupils	-	240,683	-	-	-	240,683	-	-	-
To adults	-	57,722	-	-	-	57,722	-	-	-
Bookstore sales	2,054,011	-	-	-	-	2,054,011	-	-	-
Self-insurance premiums	-	-	-	-	-	-	48,880,277	-	48,880,277
Daycare charges for services	-	-	297,030	4,597,264	-	4,894,294	-	-	-
Other local revenue	8,915	11,623	13,911	2,451,611	30,954	2,517,014	-	684,698	684,698
Total operating revenues	2,062,926	310,028	310,941	11,577,109	30,954	14,291,958	48,880,277	684,698	49,564,975
Operating Expenses									
Salaries	224,351	185,494	292,950	5,150,293	42,705	5,895,793	-	155,589	155,589
Employee benefits	57,988	39,501	107,858	1,597,243	25,327	1,827,917	-	34,667	34,667
Purchased services	22,332	6,440	17,880	4,844,473	27,707	4,918,832	4,247,309	80,934	4,328,243
Supplies	1,731,535	179,961	6,019	182,881	298,537	2,398,933	24,762	45,743	70,505
Cost of sales - purchased	559	-	1,093	386,559	-	388,211	-	-	-
Other	121,336	2,817	460	72,259	1,359	198,231	44,294,546	-	44,294,546
Depreciation	6,475	18,444	343	15,065	613	40,940	-	380	380
Amortization	-	-	-	-	-	-	-	383,557	383,557
Total operating expenses	2,164,576	432,657	426,603	12,248,773	396,248	15,668,857	48,566,617	700,870	49,267,487
Operating Income (Loss)	(101,650)	(122,629)	(115,662)	(671,664)	(365,294)	(1,376,899)	313,660	(16,172)	297,488

Sioux Falls School District 49-5

Combining Statements of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds

Year Ended June 30, 2024

	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Internal Service Funds		
							Insurance Trust	Reprographics	Totals
Nonoperating Revenue									
Local sources									
Investment earnings	-	-	-	-	-	-	389,023	-	389,023
Federal sources									
Federal grants	-	-	-	124,506	-	124,506	-	-	-
Total nonoperating revenue	-	-	-	124,506	-	124,506	389,023	-	389,023
Nonoperating Expense									
Interest expense	-	-	-	-	-	-	-	(8,412)	(8,412)
Loss on disposal of capital assets	-	(1,605)	-	-	-	(1,605)	-	-	-
Total nonoperating revenue (expense)	-	(1,605)	-	124,506	-	122,901	389,023	(8,412)	380,611
Income (Loss) Before Transfers	(101,650)	(124,234)	(115,662)	(547,158)	(365,294)	(1,253,998)	702,683	(24,584)	678,099
Transfers in	-	85,000	-	-	-	85,000	-	-	-
Change in Net Position	(101,650)	(39,234)	(115,662)	(547,158)	(365,294)	(1,168,998)	702,683	(24,584)	678,099
Net Position (Deficit) - Beginning	2,117,651	49,959	178,429	(134,859)	247,366	2,458,546	8,578,368	719,439	9,297,807
Net Position (Deficit) - Ending	<u>\$ 2,016,001</u>	<u>\$ 10,725</u>	<u>\$ 62,767</u>	<u>\$ (682,017)</u>	<u>\$ (117,928)</u>	<u>\$ 1,289,548</u>	<u>\$ 9,281,051</u>	<u>\$ 694,855</u>	<u>\$ 9,975,906</u>

Sioux Falls School District 49-5
Combining Statements of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2024

	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Internal Service Funds		
							Insurance Trust	Reprographics	Totals
Cash Flows from (used for) Operating Activities									
Cash receipts from customers	\$ 2,043,472	\$ 293,154	\$ 297,691	\$ 9,125,856	\$ -	\$ 11,760,173	\$ -	\$ -	\$ -
Cash receipts from interfund services provided	-	-	-	-	-	-	50,204,037	-	50,204,037
Other operating cash receipts	8,915	11,623	13,911	2,451,611	290,916	2,776,976	-	684,698	684,698
Payments to employees	(279,369)	(219,002)	(389,903)	(6,739,690)	(66,448)	(7,694,412)	-	(192,629)	(192,629)
Payments to suppliers	(1,772,420)	(175,450)	(20,870)	(4,863,183)	(212,645)	(7,044,568)	(4,272,071)	(116,908)	(4,388,979)
Payments for claims	-	-	-	-	-	-	(44,930,865)	-	(44,930,865)
Net Cash from (used for) Operating Activities	598	(89,675)	(99,171)	(25,406)	11,823	(201,831)	1,001,101	375,161	1,376,262
Cash Flows from Noncapital Financing Activities									
Transfers in from other funds	-	85,000	-	-	-	85,000	-	-	-
Operating subsidies and grants	-	2,616	-	124,506	-	127,122	-	-	-
Net Cash from Noncapital Financing Activities	-	87,616	-	124,506	-	212,122	-	-	-
Cash Flows used for Capital and Related Financing Activities									
Cash paid for lease liabilities - principal	-	-	-	-	-	-	-	(388,350)	(388,350)
Cash paid for lease liabilities - interest	-	-	-	-	-	-	-	(8,412)	(8,412)
Net Cash used for Capital and Related Financing Activities	-	-	-	-	-	-	-	(396,762)	(396,762)
Cash Flows from Investing Activities									
Cash received for interest	-	-	-	-	-	-	389,023	-	389,023
Net Cash from Investing Activities	-	-	-	-	-	-	389,023	-	389,023
Net Change in Cash and Cash Equivalents	598	(2,059)	(99,171)	99,100	11,823	10,291	1,390,124	(21,601)	1,368,523
Cash and Cash Equivalents, Beginning of Year	1,107,115	2,059	180,521	597,861	(11,823)	1,875,733	10,521,400	752,783	11,274,183
Cash and Cash Equivalents, End of Year	\$ 1,107,713	\$ -	\$ 81,350	\$ 696,961	\$ -	\$ 1,886,024	\$ 11,911,524	\$ 731,182	\$ 12,642,706

Sioux Falls School District 49-5
Combining Statements of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2024

	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Internal Service Funds		
							Insurance Trust	Reprographics	Totals
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities									
Operating income (loss)	\$ (101,650)	\$ (122,629)	\$ (115,662)	\$ (671,664)	\$ (365,294)	\$ (1,376,899)	\$ 313,660	\$ (16,172)	\$ 297,488
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities									
Depreciation and amortization expense	6,475	18,444	343	15,065	613	40,940	-	383,937	383,937
Change in assets and liabilities									
Receivables	(10,539)	(5,251)	661	-	259,962	244,833	1,323,760	-	1,323,760
Inventories	79,638	(18)	-	-	-	79,620	-	-	-
Prepaid expenses	-	-	4,554	6,273	-	10,827	-	-	-
Pension asset and deferred outflows	4,846	1,344	(5,552)	146,982	-	147,620	-	-	-
OPEB deferred outflows	(665)	(848)	(2,749)	(27,041)	-	(31,303)	-	-	-
Accounts and other payables	23,704	857	28	616,783	5,274	646,646	(636,319)	9,769	(626,550)
Contracts payable	69	(664)	3,817	(173,080)	1,584	(168,274)	-	(2,579)	(2,579)
Due to other funds	-	12,929	-	(67)	109,684	122,546	-	-	-
Accrued vacation payable	(874)	3,376	-	37,247	-	39,749	-	206	206
Deposits payable	-	-	-	358	-	358	-	-	-
Pension liability and deferred inflows	(3,297)	(1,083)	2,627	(98,415)	-	(100,168)	-	-	-
OPEB liability and deferred inflows	2,891	3,868	12,762	122,153	-	141,674	-	-	-
Net Cash from (used for) Operating Activities	<u>\$ 598</u>	<u>\$ (89,675)</u>	<u>\$ (99,171)</u>	<u>\$ (25,406)</u>	<u>\$ 11,823</u>	<u>\$ (201,831)</u>	<u>\$ 1,001,101</u>	<u>\$ 375,161</u>	<u>\$ 1,376,262</u>

Sioux Falls School District 49-5
Combining Statements of Fiduciary Net Position – Custodial Funds
June 30, 2024

	Flexible Spending Accounts	HEFA Fees	Other Custodial Funds	Totals
Assets				
Cash and cash equivalents	\$ 488,483	\$ 69,778	\$ 31,378	\$ 589,639
Due from other funds	120,997	-	-	120,997
Total assets	<u>\$ 609,480</u>	<u>\$ 69,778</u>	<u>\$ 31,378</u>	<u>\$ 710,636</u>
Liabilities				
Due to local governments	\$ -	\$ 69,778	\$ -	\$ 69,778
Total liabilities	<u>\$ -</u>	<u>\$ 69,778</u>	<u>\$ -</u>	<u>\$ 69,778</u>
Net Position				
Restricted for individuals and organizations	<u>\$ 609,480</u>	<u>\$ -</u>	<u>\$ 31,378</u>	<u>\$ 640,858</u>

Sioux Falls School District 49-5
Combining Statements of Changes in Fiduciary Net Position – Custodial Funds
Year Ended June 30, 2024

	Flexible Spending Accounts	HEFA Fees	Other Custodial Funds	Totals
Additions				
Fees collected for other governments	\$ -	\$ 2,084,937	\$ -	\$ 2,084,937
Employee contributions	1,488,515	-	-	1,488,515
Other	-	-	24,857	24,857
	<u>1,488,515</u>	<u>2,084,937</u>	<u>24,857</u>	<u>3,598,309</u>
Total additions	<u>1,488,515</u>	<u>2,084,937</u>	<u>24,857</u>	<u>3,598,309</u>
Deductions				
Payment of fees to other governments	-	2,084,937	-	2,084,937
Payments to employees	1,438,444	-	-	1,438,444
Other	-	-	20,184	20,184
	<u>1,438,444</u>	<u>2,084,937</u>	<u>20,184</u>	<u>3,543,565</u>
Total deductions	<u>1,438,444</u>	<u>2,084,937</u>	<u>20,184</u>	<u>3,543,565</u>
Change in Net Position	50,071	-	4,673	54,744
Net Position - Beginning	<u>559,409</u>	<u>-</u>	<u>26,705</u>	<u>586,114</u>
Net Position - Ending	<u>\$ 609,480</u>	<u>\$ -</u>	<u>\$ 31,378</u>	<u>\$ 640,858</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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the 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, 2024, 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 25, 2025.

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 School District'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 2024-001, 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 and 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 the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District'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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Aberdeen, South Dakota
March 25, 2025



**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

Qualified and Unmodified Opinions

We have audited Sioux Falls School District 49-5's (the School District) 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 the School District's major federal programs for the year ended June 30, 2024. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Education Stabilization Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Education Stabilization Fund

As described in the accompanying schedule of findings and questioned costs, the School District did not comply with requirements regarding Assistance Listing Number 84.425F Higher Education Emergency Relief Fund (HEERF) - Institutional under the Education Stabilization Fund as described in finding numbers 2024-002, 2024-003, and 2024-004 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management and Period of Performance.

Compliance with such requirements is necessary, in our opinion, for the School District to comply with the requirements applicable to that program.

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 the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed other 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 2024-006 and 2024-007. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the School District's response to the noncompliance findings identified in our compliance audit 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 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-003 and 2024-004 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 2024-005, 2024-006 and 2024-007 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 the School District's response to the internal control over compliance findings identified in our compliance audit 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 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.

A handwritten signature in black ink that reads "Erik Sully LLP". The signature is written in a cursive, flowing style.

Aberdeen, South Dakota
March 25, 2025

Sioux Falls School District 49-5
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

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	*	\$ 948,200
Cash Assistance			
School Breakfast Program	10.553	*	1,820,455
National School Lunch Program	10.555	*	7,206,287
Summer Food Service Program for Children	10.559	*	145,995
Cash Assistance Total			<u>9,172,737</u>
Fresh Fruit and Vegetable Program	10.582	*	<u>583,611</u>
Total for Child Nutrition Cluster			<u>10,704,548</u>
Child and Adult Care Food Program	10.558	*	<u>18,242</u>
Total U.S. Department of Agriculture			<u>10,722,790</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>2,893</u>
U.S. Department of the Interior			
477 Cluster			
Indian Education Assistance to Schools - Johnson O'Malley	15.130	N/A	<u>13,987</u>
National Endowment for the Arts			
Pass-Through the SD Department of Education			
Promotion of the Arts Partnership Agreement	45.025	*	<u>1,198</u>
Department of Veterans Affairs			
Post-9/11 Veterans Educational Assistance	64.028	N/A	<u>2,656</u>
U.S. Department of Education			
Direct Federal Funding			
Student Financial Aid - Cluster			
Federal Pell Grant Program	84.063	N/A	3,772,066
Federal Workstudy Program	84.033	N/A	49,799
FSEOG Program	84.007	N/A	100,000
Direct Loan Program	84.268	N/A	<u>7,826,323</u>
Total Student Financial Aid Cluster			<u>11,748,188</u>

Sioux Falls School District 49-5
Schedule of Expenditures of Federal Awards
June 30, 2024

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	388,186
Education Stabilization Fund			
Direct Award			
COVID-19 - Higher Education Emergency Relief Fund Institutional Portion	84.425F	P425F202657	1,298,068
Passed through the SD Department of Education			
COVID-19 - American Rescue Plan - Elementary & Secondary Emergency Relief Fund (ARP ESSER)	84.425U	S425U210050	15,196,266
COVID-19 - Governor's Emergency Education Relief Fund (GEER)	84.425C	*	43,125
COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	S425W210043	376,510
Total Education Stabilization Fund			16,913,969
Pass-Through SD Department of Labor			
Adult Education - Basic Grants to States	84.002	*	201,646
Pass-Through the SD Department of Education			
Title I Grants to Local Educational Agencies	84.010	S010A200041	7,255,080
Migrant Education - State Grant Program	84.011	S011A200042	433,383
Career and Technical Education - Basic Grants to States	84.048	V048A200041	1,367,621
Rehabilitation Services - Vocational Rehabilitation Grant	84.126	*	65,244
Special Education - Grants for Infants and Families	84.181	*	224
Education for Homeless Children and Youth	84.196	S196A200043	150,027
Twenty-First Century Community Learning Centers	84.287	*	124,506
Title III, English Language Acquisition State Grants	84.365	S367A200039	358,993
Improving Teacher Quality State Grants	84.367	S367A200039	1,275,653
Title IV - A	84.424	S524A200043	514,502
Title IV - F	84.424	*	394,796
Special Education Cluster			
Special Education - Grants to States	84.027	H027A200091	5,223,319
Special Education - Grants to States	84.027	S010A200041	113,486
Special Education - Preschool Grants	84.173	H17A200091	153,949
Total for Special Education Cluster			5,490,754
Total U.S. Department of Education			46,682,772

Sioux Falls School District 49-5
Schedule of Expenditures of Federal Awards
June 30, 2024

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	3,491,901
Pass-Through the SD Department of Education			
Substance Abuse and Mental Health Services	93.243	H79SM080962	8,883
Pass-Through Lutheran Social Services			
Refugee and Entrant Assistance Discretionary Grants	93.576	2101SDRSOC	91,007
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	*	124,486
Total U.S. Department of Health and Human Services			3,722,277
U.S. Department of Homeland Security			
Direct Federal Funding			
Homeland Security Grant	97.067		69,877
Total Federal Financial Assistance			\$ 61,218,450

* 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, 2024. 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. 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, 2024, the School District had food commodities totaling \$19,297 in inventory.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	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:	
Student Financial Aid Cluster, Special Education Cluster and Title I Education Stabilization Fund	Unmodified Qualified
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
Special Education Cluster	
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
Title I Grants to Local Educational Agencies	84.010
Education Stabilization Fund	
COVID-19 - Governor’s Emergency Education Relief Fund (GEER)	84.425C
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:	\$1,836,553
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2024-001 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 and 96 lease and SBITA schedules for the School District as a nonattest service and made the necessary adjustments as part of the audit for lease and SBITA activities under GASB 87 and 96, which are included as part of the corrected identified misstatements.

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

**2024-002 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**

Period of Performance

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

Criteria: In the CRRSSA and ARP Certification and Agreement, all institutions were given one calendar year from the date of the Grant Award Notification to complete period of performance which was subsequently extended to June 30, 2023. Department of Education provided guidance in Frequently Asked Questions #51 specific to period of performance noting, “institutions now have 120 calendar days to liquidate all financial obligations incurred under the award after the period of performance.” The 2024 compliance supplement also notes specific to lost revenue, “For lost revenue, the obligation occurs on the date the institution completes its estimate of its amount of lost revenue after the estimation period.”

Condition: Two errors were noted related to period of performance: 1) the lost revenue calculation was completed in October 2023, which was after the June 30, 2023, period of performance date; and 2) the School District also spent money on expenses for the program in November 2023 and January 2024, which was after the 120-day liquidation period.

Cause: The School did not apply for a no cost extension to be able to obligate the funding after June 30, 2023. For error #1, the School District was waiting to claim lost revenue until all expenses under the program were incurred to be able to use any remaining funding available. For error #2, the School District believed that the purchase orders that were outstanding after the 120-day liquidation period would be allowed to be paid when items purchased were received.

Effect: The School received grant funding on allowable costs which were paid for or obligated after the period of performance and liquidation period ended.

Questioned Costs: \$539,358 specific to lost revenue and \$179,409 for expenses paid for in November 2023 and January 2024.

Context/Sampling: All lost revenue calculation reports were tested. We tested 40 out of 410 total expenses from the program for other expenses. Total questioned costs for expenses was obtained from general ledger detail for expenses paid after October 26, 2023.

Repeat Finding from Prior Year(s): No

Recommendation: We recommend a tracking schedule monitored by multiple people be maintained with all required spending deadlines to ensure that funding is spent in the required timeframe. We also recommend review of the grant agreements and grant funding information to ensure that knowledge of the requirements is known by multiple people to ensure requirements are met.

Views of Responsible Officials: Management agrees with the finding.

2024-003 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

Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Material Weakness in Internal Controls over Compliance and Material Non-Compliance

Criteria: The CARES Act, CRRSSA and the American Rescue Plan Act (ARP) sets forth the criteria for allowable costs and activities.

Condition: During testing over the requirements, we noted that, in 28 of 40 expenses tested, reimbursement was received for expenses for items that were never purchased. The total for these 28 items was \$10,682. Additional review noted a total of \$132,071 for total funding received but not spent.

Cause: The School District used outstanding purchase obligations to request reimbursement at the end of the liquidation period, but did not spend all of the money.

Effect: The School received reimbursement for items that were never purchased.

Questioned Costs: \$132,071

Context/Sampling: A nonstatistical sample of 60 expenses submitted for reimbursement out of 410 total expenses.

Repeat Finding from Prior Year(s): No.

Recommendation: We recommend a review be completed to ensure that all reimbursements have proper expenses to back up the request submitted. We also recommend that, if new funding is received, a committee be set up by the School District to be able to review expenses and ensure that funding is spent on proper items and requests for reimbursement are only made once expenses have been paid.

Views of Responsible Officials: Management agrees with the finding.

2024-004 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

Cash Management
Material Weakness in Internal Controls over Compliance and Material Non-Compliance

Criteria: For CRRSSA HEERF II and ARP HEERF III, the certification and agreements indicate the institutional aid portion of funding should be disbursed within three calendar days from the drawdown from G5.

Condition: During testing over the requirement, it was noted that the amount drawn on October 25, 2023, was not spent until November 2023, January 2024, or was never spent.

Cause: The School District was at the end of the 120-day liquidation period of performance so drew all remaining available funding based on open purchase orders.

Effect: The School District received, but did not disburse, the funds within the allowed three-day timeframe.

Questioned Costs: \$311,480

Context/Sampling: A nonstatistical sample of two draw requests out of five total draw requests were tested. Of the \$311,480 received, \$179,409 was spent in November 2023 and April 2024 (also reported under period of performance) and \$132,071 was never spent (also reported under allowable costs).

Repeat Finding from Prior Year(s): No.

Recommendation: We recommend that reimbursement requests be submitted at the time of or after payments for the expenses are made to ensure that timing of the reimbursement is received at the same time or after payments are made.

Views of Responsible Officials: Management agrees with the finding.

2024-005 Department of Education
Education Stabilization Fund: Higher Education Emergency Relief Fund (HEERF)
Federal Financial Assistance Listing 84.425F Institutional Portion
Award Number P425F202657, Award Years 2020 and 2021

Reporting
Significant Deficiency in Internal Controls over Compliance

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

Condition: 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: Reports could be submitted with incorrect information.

Questioned Costs: None.

Context/Sampling: The one required quarterly report for the September 2023 quarter was tested and the annual report for calendar year 2024 was tested.

Repeat Finding from Prior Year(s): Yes.

Recommendation: We recommend there is a separate, documented reviewer of the reports prior to their submission.

Views of Responsible Officials: Management agrees with the finding.

**2024-006 Department of Education
Student Financial Aid Cluster
Federal Financial Assistance Listing 84.268 – Federal Direct Student Loans
2023-2024 Award Year**

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

Criteria: When Title IV funds are credited to a student account and they exceed the amount of tuition and fees, food and housing, and other authorized charges assessed the student, a credit balance is created. The institution must pay the resulting credit balance directly to the student or parent borrower within 14 days after (1) the first day of class of a payment period if the credit balance occurred on or before that day, or (2) the balance occurred if that was after the first day of class. Also, as allowed under 34 CFR 668.164(c)(3), a school may pay prior award year charges up to \$200. If over \$200, student authorization is required to apply the payments to a prior-year balance.

Condition: During testing over credit balances, 1) one student did not receive the refund on a timely basis; and 2) two students had amounts applied to a prior-year balance over \$200.

Cause: The student was awarded aid at an off time in the semester, and the refund was not provided within the 14-day window. Also, turnover in staffing in the fall 2023 allowed disbursements to be applied to students prior-year accounts receivable balances relating to tuition and fees or other charges.

Effect: The students were not given the refund in a timely manner or given the proper refund related to the current award period.

Questioned Costs: None.

Context/Sampling: A nonstatistical sample of 61 students who received Title IV disbursements out of 1,491 students who received aid.

Repeat Finding from Prior Year(s): No.

Recommendation: We recommend disbursements made be reviewed to ensure that the refunds are being provided to students on a timely basis. We also recommend controls be put into place to ensure that, if a student has a balance over \$200 from a prior award year, those accounts are reviewed to ensure that current-year aid is not applied to prior-year balances.

Views of Responsible Officials: Management agrees with the finding.

**2024-007 Department of Education
Student Financial Aid Cluster
Federal Financial Assistance Listing 84.268 – Federal Direct Student Loans
2023-2024 Award Year**

**Special Tests and Provision – Enrollment Reporting
Significant Deficiency 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:

- 16 instances in which the student's status change was certified outside the 60-day reporting requirement.

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. The late reporting was specific to the July 2023 and December 2023 graduation dates.

Effect: The errors in reporting resulted in reporting dates outside of the required reporting timeframe which could impact the timing of required loan payments to be made.

Questioned Costs: None.

Context/Sampling: A nonstatistical sample of 60 students with a change in status out of approximately 693 students with a change in status were selected for testing of enrollment reporting requirements.

Repeat Finding from Prior Year(s): Yes.

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

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Nan Kelly, Member
Marc Murren, Member
Gail Swenson, Member

Dr. Jane Stavem, Superintendent

Summary Schedule of Prior Audit Findings

Financial Statement

Identifying Number: 2023-001: 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 and non-attest service adjustments were prepared and posted by the auditor.

Status of Finding: Ongoing, repeat as finding 2024-001

Single Audit

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

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: Three of the four required quarterly public reports were not posted to the District's website timely.

Status of Finding: Resolved

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

Initial Fiscal Year Finding Occurred: 2023

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

Status of Finding: Resolved

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

Initial Fiscal Year Finding Occurred: 2023

Finding: One student did not receive disbursement notification on a timely basis.

Status of Finding: Resolved

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

Initial Fiscal Year Finding Occurred: 2022

Finding: Several instances of students' status changes not reported or certified within required reporting periods. Also, 2 instances where the reported start date did not agree with student records.

Status of Finding: Ongoing, repeat as finding 2024-007



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CORRECTIVE ACTION PLAN YEAR ENDED 6/30/24

Identifying Number: 2024-001: 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 and SBITA 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. 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 6/30/24 (Continued)

Identifying Number: 2024-002: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Finding: Two errors were noted related to period of performance: 1) the lost revenue calculation was completed in October 2023, which was after the June 30, 2023 period of performance date; and 2) the District also spent money on expenses for the program in November 2023 and January 2024, which was after the 120-day liquidation period.

Corrective Action Taken or Planned:

The School will create and maintain a funding schedule according to the grant agreements. The schedule will be reviewed by various finance staff members for timing of grant reimbursements and deadlines.

Contact person: Mike Stephens, Director of Accounting

Status of finding – The above corrective actions will be implemented beginning April 1, 2025.

Identifying Number: 2024-003: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Finding: The District used outstanding purchase order obligations to request reimbursement at the end of the liquidation period, but did not spend all of the outstanding purchase orders; therefore, receiving reimbursement for items that were never purchased.

Corrective Action Taken or Planned:

The School will designate finance staff to review reimbursements to ensure they have proper expenses as backup. A further review by the School District will help to ensure that funding is spent on items and requests for reimbursement only after expenses have been paid.

Contact person: Mike Stephen, Director of Accounting

Status of finding – The above corrective actions will be implemented beginning April 1, 2025.

CORRECTIVE ACTION PLAN YEAR ENDED 6/30/24 (Continued)

Identifying Number: 2024-004: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Finding: Due to receiving reimbursement on outstanding purchase orders that were paid months later, or not at all, the District received, but did not disburse, the funds within the allowed three-day timeframe.

Corrective Action Taken or Planned:

Reimbursement requests will be submitted on a timely basis and after payments for the expenses are made. This will help ensure that reimbursement is received at the same time or after payment has been made.

Contact person: Mike Stephens, Director of Accounting

Status of finding – The above corrective actions will be implemented beginning April 1, 2025.

Identifying Number: 2024-005: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Finding: There was no review of quarterly or annual HEERF reports prior to their submission.

Corrective Action Taken or Planned:

The School will train finance office staff in preparation and filing of grant reports. This will allow various staff members to review reports prior to submission.

Contact person: Mike Stephens, Director of Accounting

Status of finding – The above corrective actions will be implemented beginning April 1, 2025.

CORRECTIVE ACTION PLAN YEAR ENDED 6/30/24 (Continued)

Identifying Number: 2024-006: U.S. Department of Education: Federal Direct Student Loans – 84.268

Finding: During testing over credit balances, it was noted that: 1) one student did not receive the refund on a timely basis; and 2) two students had amounts applied to a prior-year balance over \$200.

Corrective Action Taken or Planned:

All scheduled disbursements will be reviewed to ensure they are provided on a timely basis and are applied correctly to prior award years. Business Office procedures and processing will be reviewed to ensure that credit balances are processed within the regulatory timeframe.

Contact person: Megan Fischer, Vice President for Enrollment Management

Status of finding – The above corrective actions will be implemented beginning April 1, 2025.

Identifying Number: 2024-007: U.S. Department of Education: Federal Direct Student Loans – 84.268

Finding: During testing of enrollment reporting, it was noted that there were 16 instances in which the student's status change was certified outside the 60-day reporting requirement.

Corrective Action Taken or Planned:

We learned that the current process for the submission to the National Student Clearinghouse is not pulling all students that it should be. We are now pulling additional reports to identify those students being missed and are manually reporting them to the Clearinghouse.

Contact person: Megan Fischer, Vice President for Enrollment Management

Status of finding – The above corrective actions will be implemented beginning January 1, 2025.