

Sioux Falls School District 49-5



Financial Report
June 30, 2021

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RSM US LLP

Independent Auditor's Report

School Board
Sioux Falls School District 49-5

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Sioux Falls School District 49-5, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sioux Falls School District 49-5's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Southeast Technical Institute Housing Foundation, a component unit, which statements reflect total assets, revenue, and net position constituting 6 percent, 1 percent, and 2 percent, respectively, of the aggregate discretely presented component unit and remaining fund information. Those financial statements were audited by other auditors, whose report has been furnished to us. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Sioux Falls School District 49-5, as of June 30, 2021, 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.

Emphasis of Matter

As described in Notes 1 and 15, the Sioux Falls School District 49-5 adopted Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The adoption of the standard resulted in an adjustment to increase the Sioux Falls School District 49-5's previously reported net position of the governmental and business-type activities and certain proprietary funds and the fund balances of certain governmental funds. The Sioux Falls School District 49-5's previously reported agency funds that did not meet the requirements to be restated to governmental or proprietary funds continue to be reported in the fiduciary funds as custodial funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information on Pages 3 through 16 and 60 through 73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sioux Falls School District 49-5's basic financial statements. The accompanying supplementary combining and individual fund statements and schedules on Pages 74 through 87, and the schedule of expenditures of federal awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on Pages 88 through 91, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary combining and individual fund statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the supplementary combining and individual fund statements and schedules and the schedule of expenditures of federal awards are 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 28, 2022, on our consideration of Sioux Falls School District 49-5'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 Sioux Falls School District 49-5'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 Sioux Falls School District 49-5's internal control over financial reporting and compliance.

RSM US LLP

Sioux Falls, South Dakota
March 28, 2022

Sioux Falls School District 49-5

Management's Discussion and Analysis

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, 2021. 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 \$15,500,000. Net position increased as a result of revenues over expenses in unrestricted activities of approximately \$5,600,000 and capital outlay revenue in excess of depreciation and other capital outlay expenses of approximately \$14,800,000. This was partially offset by revenue under expenses in other restricted activities of approximately \$9,500,000. In addition, the implementation of GASB 84 increased unrestricted net position by approximately \$4,600,000.
- During the year, the District's total revenues of \$340,257,140 were composed of general revenues in the amount of \$233,987,110 and program revenues totaling \$106,270,030.
- As of June 30, 2021, the District's governmental funds reported combined ending fund balances of \$91,861,984, a decrease of \$25,845,870 compared with the prior year. This decrease is mainly due to Capital Projects Funds construction expenditures in excess of revenues of approximately \$52,700,000 using prior year proceeds from the issuance of Series 2018A General Obligation Bonds, partially offset by revenues over expenditures of approximately \$21,400,000 in the other governmental funds. In addition, the implementation of GASB 84 increased governmental funds by approximately \$4,400,000.
- The general fund reported an increase in fund balance of \$9,526,514 leaving an ending fund balance of \$29,832,928. This increase was the result of revenue over expenditures of \$5,228,010 and the effect of GASB 84 implementation of \$4,298,504. The unassigned portion of this ending fund balance was \$25,964,283 or 13.85 percent of total general fund expenditures.
- The District refunded \$144,830,000 in outstanding capital outlay certificates and general obligation bonds by issuing \$169,060,000 in capital outlay certificates and general obligation bonds. The resulted in an economic gain of \$10,617,493 in total debt service cost over the life of the certificates and bonds.

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.

Management's Discussion and Analysis

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

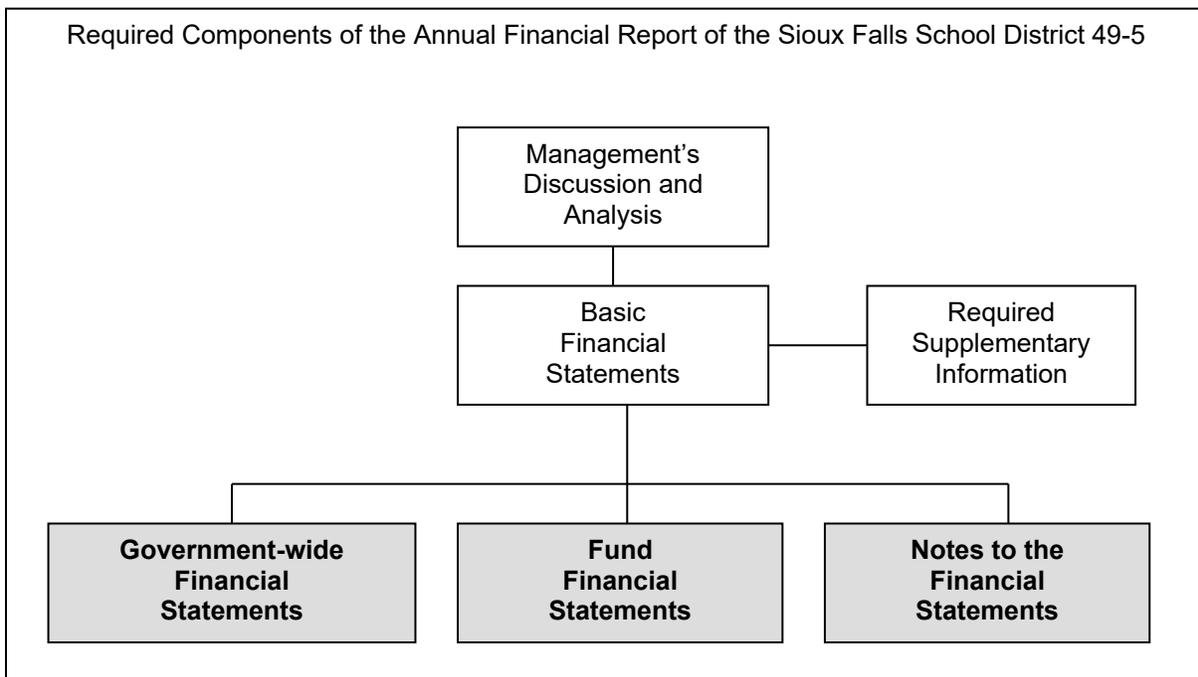


Figure 2 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents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

Management’s Discussion and Analysis

Overview of the Financial Statements (Continued)

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

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	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

Sioux Falls School District 49-5

Management's Discussion and Analysis

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 17 and 18 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).

Sioux Falls School District 49-5

Management's Discussion and Analysis

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, and post-secondary vocational funds, since these are considered major funds. Data from the other six 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 19 through 26 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 27 through 29 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 page 30 of this report.

Sioux Falls School District 49-5

Management's Discussion and Analysis

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 31 through 59 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 60 through 73 of this report.

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

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was as follows:

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Assets						
Current and other assets	\$ 242,481,622	\$ 220,165,767	\$ 7,787,646	\$ 8,644,247	\$ 250,269,268	\$ 228,810,014
Capital assets, net	342,554,458	388,347,607	3,401,837	3,060,862	345,956,295	391,408,469
Total assets	585,036,080	608,513,374	11,189,483	11,705,109	596,225,563	620,218,483
Deferred outflows of resources	45,163,720	76,541,361	2,077,994	2,607,863	47,241,714	79,149,224
Liabilities						
Long-term liabilities	270,815,343	283,989,317	735,284	796,513	271,550,627	284,785,830
Other liabilities	46,287,211	44,685,698	1,326,612	1,792,334	47,613,823	46,478,032
Total liabilities	317,102,554	328,675,015	2,061,896	2,588,847	319,164,450	331,263,862
Deferred inflows of resources	81,685,645	108,785,823	900,615	2,113,660	82,586,260	110,899,483
Net Position						
Net investment in capital assets	173,260,780	174,732,248	3,401,837	3,060,862	176,662,617	177,793,110
Restricted	46,943,908	51,868,033	1,174,866	467,112	48,118,774	52,335,145
Unrestricted	11,206,913	20,993,616	5,728,263	6,082,491	16,935,176	27,076,107
Total net position	\$ 231,411,601	\$ 247,593,897	\$ 10,304,966	\$ 9,610,465	\$ 241,716,567	\$ 257,204,362

Sioux Falls School District 49-5

Management's Discussion and Analysis

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 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 \$177,793,110. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Total net capital assets increased as a result of construction and renovation activities of the Capital Improvement Plan, High School Project, and Middle School Project Funds in excess of depreciation.

Current and other assets decreased by \$21,459,254 from June 30, 2020 to June 30, 2021, mainly due to construction expenditures using prior year proceeds from issuance of the Series 2018A general obligation bonds of approximately \$52,700,000, partially offset by an increase in due from other governments of approximately \$7,100,000 and an increase in cash from operating revenues over expenditures. The increase of deferred inflows of resources of \$28,313,223, and the increase in deferred outflows of resources of \$31,907,510 are primarily attributable to the investment returns being greater than the assumed rate of return on pension plan assets of 4.05 percent by the South Dakota Retirement System's (SDRS) Pension Trust Fund and changes in assumptions, as well as an increase in deferred charge on refunding. Long-term liabilities increased by \$13,235,203 mainly due to the issuance of long-term refunding debt in excess of debt defeased of \$24,230,000, partially offset by the payment of regularly scheduled principal of long-term debt of approximately \$9,000,000.

As of June 30, 2021, the District reported \$52,335,145 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 \$4,216,371 during the year ended June 30, 2021, due to an increase in the fund balances in the capital outlay and special education funds of approximately \$19,900,000, offset by a reduction in net pension-related deferred outflows and inflows of approximately \$14,200,000 and decrease in the post-secondary vocational fund of approximately \$1,500,000.

The District's unrestricted net position increased by approximately \$10,141,000, mainly due to revenues over expenditures of approximately \$5,200,000 in the general fund and the effect of GASB 84 implementation of \$4,298,504.

Sioux Falls School District 49-5

Management's Discussion and Analysis

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	
	2020	2021	2020	2021	2020	2021
Revenues						
Program revenues:						
Charges for services	\$ 14,042,408	\$ 14,296,369	\$ 11,644,903	\$ 8,034,862	\$ 25,687,311	\$ 22,331,231
Operating grants and contributions	51,177,973	72,006,593	6,679,426	11,905,177	57,857,399	83,911,770
Capital grants and contributions	-	-	-	27,029	-	27,029
General revenues:						
Taxes	127,582,645	135,524,123	-	-	127,582,645	135,524,123
Revenue from state sources	88,546,753	89,651,423	40,440	42,208	88,587,193	89,693,631
Other general revenues	5,620,085	7,376,782	(1,038)	562,840	5,619,047	7,939,622
Unrestricted investment earnings	3,675,280	828,315	9,287	1,419	3,684,567	829,734
Total revenues	290,645,144	319,683,605	18,373,018	20,573,535	309,018,162	340,257,140
Expenses						
Instruction	173,809,661	183,657,336	3,050,078	3,035,995	176,859,739	186,693,331
Support services	96,655,601	108,785,677	-	-	96,655,601	108,785,677
Nonprogrammed charges	1,926,828	3,021,206	-	-	1,926,828	3,021,206
Debt service	8,544,200	6,257,110	-	-	8,544,200	6,257,110
Co-curricular activities	5,671,571	5,803,082	-	-	5,671,571	5,803,082
Food services	-	-	12,302,835	13,121,419	12,302,835	13,121,419
Community services	192,991	273,994	3,820,093	3,952,118	4,013,084	4,226,112
Bookstore services	-	-	2,171,406	1,478,622	2,171,406	1,478,622
Total expenses	286,800,852	307,798,405	21,344,412	21,588,154	308,145,264	329,386,559
Increase (decrease) in net position before transfers	3,844,292	11,885,200	(2,971,394)	(1,014,619)	872,898	10,870,581
Transfers	(124,000)	(124,000)	124,000	124,000	-	-
Change in net position	3,720,292	11,761,200	(2,847,394)	(890,619)	872,898	10,870,581
Net position-beginning, as restated	227,691,309	235,832,697	13,152,360	10,501,084	240,843,669	246,333,781
Net position-ending	\$ 231,411,601	\$ 247,593,897	\$ 10,304,966	\$ 9,610,465	\$ 241,716,567	\$ 257,204,362

Sioux Falls School District 49-5

Management's Discussion and Analysis

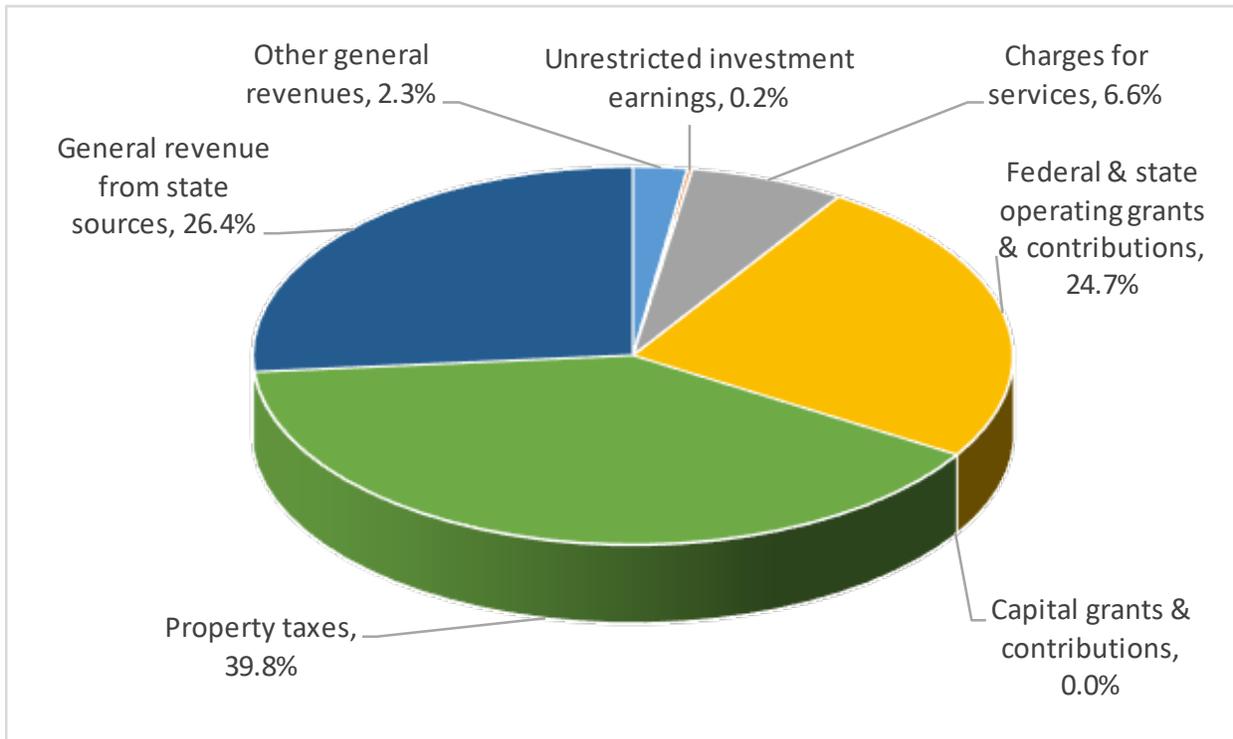
Financial Analysis of the District as a Whole (Continued)

Changes in Net Position (Continued)

The District's total revenues increased by \$31,238,978 mainly due to an increase in State Aid and property taxes of approximately \$9,000,000 and an increase in operating grants and contributions of approximately \$26,000,000, offset by a decrease in investment earnings of approximately \$3,000,000.

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 1.)

Figure 1
Sioux Falls School District 49-5
Sources of Revenues for Fiscal Year 2021



Sioux Falls School District 49-5

Management's Discussion and Analysis

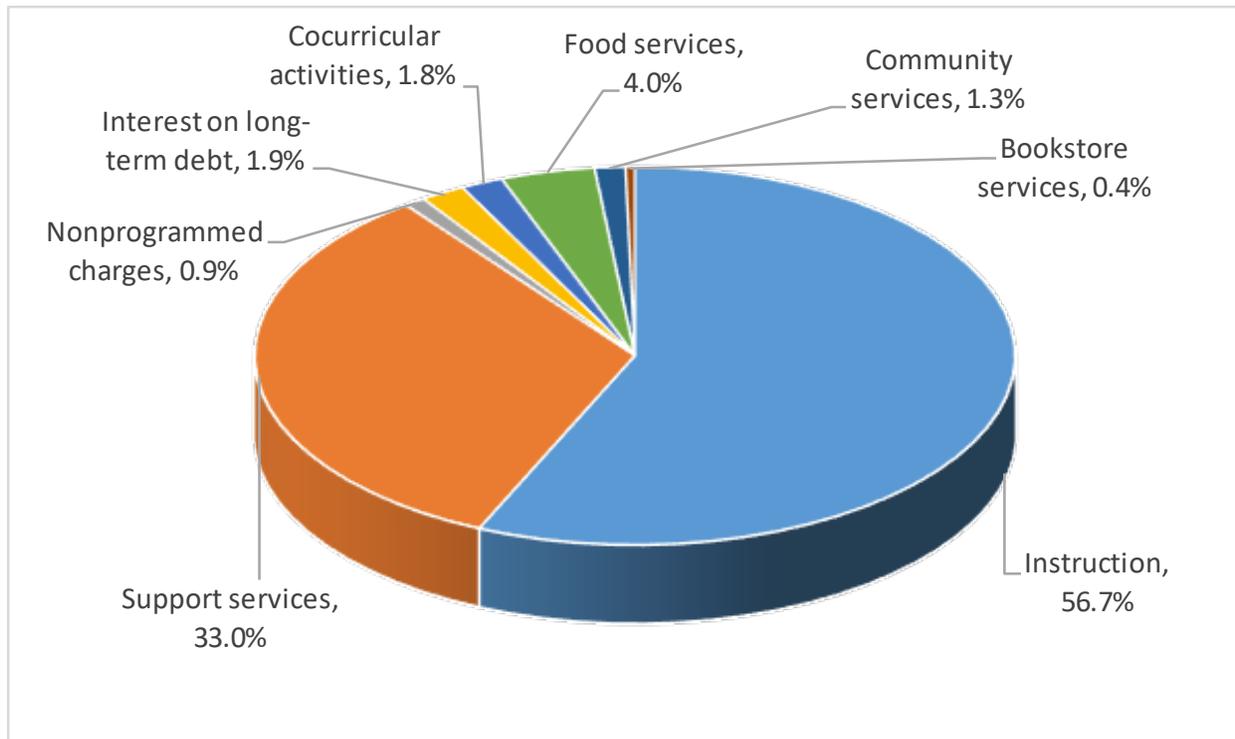
Financial Analysis of the District as a Whole (Continued)

Changes in Net Position (Continued)

The District's total expenses for 2021 were \$329,386,559, representing an increase of \$21,241,295 mainly due to an increase of approximately \$22,000,000 of instruction and support services.

Over half of the total expenses were spent on instruction with approximately one-third for support services. (See Figure 2.)

Figure 2
Sioux Falls School District 49-5
Functional Expense for Fiscal Year 2021



Sioux Falls School District 49-5

Management's Discussion and Analysis

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 \$96,861,984, a decrease of \$25,845,870 during the current fiscal year. Approximately 27.83 percent of the ending fund balances, or \$25,567,288, constitutes unassigned fund balances, which are generally available for spending at the District's discretion. Approximately 3.27 percent, or \$3,001,285, constitutes assigned fund balance for the hail damage project fund and next year's budget in the general 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 \$27,392,317; 2) special education fund \$7,001,603; and 3) post-secondary vocational fund \$4,200,364. Additional fund balances restricted or committed for specific purposes include 1) debt service \$6,278,315; 2) construction projects \$17,036,408; and 3) superintendent deferred compensation \$50,112. The remainder of the fund balances are amounts that cannot be spent and consist of \$1,334,292 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 \$25,964,283, while total fund balance was \$29,832,928. 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 13.85 percent of total general fund expenditures, while total fund balance represents 15.92 percent of that same amount.

The fund balance of the District's general fund increased by \$9,526,514 during the current fiscal year. The District had originally budgeted to increase fund balance by \$5,700 which was supplementally revised to use approximately \$605,000 of cash from fund balance for the current fiscal year. However, total expenditures were under budget by approximately \$2,600,000, mainly in salaries and benefits. In addition, revenues exceeded budget by approximately \$6,100,000. Due to revenues in excess of expenditures, budgeted transfers in of approximately \$3,000,000 were not made. In addition, the implementation of GASB 84 increased the general fund by approximately \$4,400,000.

The fund balance of the District's capital outlay fund increased by \$13,492,646 during the current fiscal year to \$33,670,632 as of June 30, 2021. The District had originally budgeted to decrease fund balance by \$963,791, which was supplementally revised to decrease fund balance by approximately \$2,600,000. However, total expenditures were under budget by approximately \$5,400,000, mainly in capital acquisitions. In addition, federal revenue exceeded budget by approximately \$4,800,000, and property taxes and other local sources exceeded budget by approximately \$3,000,000.

The fund balance of the District's special education fund increased by \$4,003,653 to \$7,001,603 as of June 30, 2021. The District had budgeted to increase fund balance by approximately \$670,000. However, total expenditures were under budget by approximately \$2,500,000, mainly in salaries, purchased services, and supplies and materials. In addition, federal revenue exceeded budget by approximately \$900,000.

Sioux Falls School District 49-5

Management's Discussion and Analysis

Financial Analysis of the District's Funds (Continued)

Governmental Funds (Continued)

The fund balance of the District's post-secondary vocational fund decreased by \$1,540,187 to \$4,292,117 as of June 30, 2021. The District had originally budgeted to decrease fund balance by approximately \$2,000,000. However, total revenues exceeded budget by approximately \$950,000, mainly in federal revenue, offset by expenditures over budget by approximately \$540,000.

Proprietary Funds

The District's enterprise funds showed a decrease in net position of \$694,501 to \$9,610,465 as of June 30, 2021. The operating decrease is due primarily to the community services fund. The District's internal service funds saw a decrease in net position of \$1,605,989, due mainly to the group health insurance fund. The group health insurance fund's net position was \$13,208,158 as of June 30, 2021. This represents approximately 32.3 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 \$2,800,000 in other local sources and related expenditures primarily due to contributions from District agency accounts and outside organizations not in the original budget.
- Increase of approximately \$6,000,000 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, 2021, the District had invested \$391,408,469 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 \$45,452,174, or 13.14 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 5 to the financial statements.

Sioux Falls School District 49-5

Management's Discussion and Analysis

Financial Analysis of the District's Funds (Continued)

Capital Asset Administration (Continued)

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

	Governmental Activities		Business-Type Activities		Total Dollar	Total Percentage
	2020	2021	2020	2021	Change	Change
Land	\$ 17,568,200	\$ 17,910,100	\$ -	\$ -	\$ 341,900	1.95%
Land improvements	8,942,228	9,021,384	1,900	1,557	78,813	0.88%
Buildings	242,080,648	242,439,864	2,224,988	2,035,038	169,266	0.07%
Machinery and equipment	7,816,250	6,866,971	1,174,949	1,024,267	(1,099,961)	-12.23%
Construction in progress	66,147,132	112,109,288	-	-	45,962,156	69.48%
Totals	\$ 342,554,458	\$ 388,347,607	\$ 3,401,837	\$ 3,060,862	\$ 45,452,174	13.14%

Long-Term Liabilities

At year-end, the District had \$284,785,830 in capital outlay certificates, general obligation bonds, and other long-term obligations. Long-term liabilities increased during the year by \$13,235,203 due mainly to issuance of long-term debt in excess of amounts defeased, partially offset by scheduled repayment of principal. This is an increase of 4.87 percent as shown in Table 4 below.

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

	Governmental Activities		Business-Type Activities		Total Dollar	Total Percentage
	2020	2021	2020	2021	Change	Change
Capital outlay certificates	\$ 107,880,311	\$ 98,594,731	\$ -	\$ -	\$ (9,285,580)	-8.61%
General obligation bonds	136,844,165	159,060,000	-	-	22,215,835	16.23%
Other postemployment benefits	22,192,979	23,429,457	568,470	633,959	1,301,967	5.72%
Early retirement plan obligation	1,470,391	551,377	-	-	(919,014)	-62.50%
Accrued vacation	2,427,497	2,353,752	166,814	162,554	(78,005)	-3.01%
Totals	\$ 270,815,343	\$ 283,989,317	\$ 735,284	\$ 796,513	\$ 13,235,203	4.87%

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.

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 6 to the financial statements.

Sioux Falls School District 49-5

Management's Discussion and Analysis

Financial Analysis of the District's Funds (Continued)

Economic Factors and Next Year's Budgets and Rates

For taxes payable in 2022, the District experienced an increase in total property valuation of approximately \$578 million or 4.25 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 2020 enrollment count was 23,912. The state aid formula for fiscal year 20-21 ensured that property taxes plus state aid equaled \$5,961 per pupil. The allocation for fiscal year 2021-22 is \$6,211 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 1st 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.

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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	STI Housing Foundation
Assets and Deferred Outflows of Resources				
Assets:				
Cash	\$ 136,385,517	\$ 6,979,224	\$ 143,364,741	\$ 1,193,440
Taxes receivable, net	66,665,269	-	66,665,269	-
Other receivables	2,221,939	13,644	2,235,583	19,236
Due from other governments	13,161,281	723,356	13,884,637	-
Due from custodial funds	16,344	-	16,344	-
Internal balances	88,450	(88,450)	-	-
Inventories	951,823	999,819	1,951,642	-
Prepaid expenses	382,469	1,250	383,719	12,719
Investments—restricted	-	-	-	241,500
Net pension asset	292,675	15,404	308,079	-
Capital assets:				
Land and construction in progress	130,019,388	-	130,019,388	-
Other capital assets, net of accumulated depreciation	258,328,219	3,060,862	261,389,081	2,419,036
Total assets	608,513,374	11,705,109	620,218,483	3,885,931
Deferred outflows of resources:				
Deferred charge on refunding	27,002,964	-	27,002,964	-
Other postemployment benefits-related deferred outflows	2,460,971	130,104	2,591,075	-
Pension-related deferred outflows	47,077,426	2,477,759	49,555,185	-
Total deferred outflows of resources	76,541,361	2,607,863	79,149,224	-
Total assets and deferred outflows of resources	\$ 685,054,735	\$ 14,312,972	\$ 699,367,707	\$ 3,885,931
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities:				
Accounts payable	\$ 9,555,310	\$ 220,978	\$ 9,776,288	\$ 82,386
Accrued wages and related benefits payable	31,785,570	952,373	32,737,943	-
Accrued interest payable	1,718,784	-	1,718,784	-
Unearned revenue and deposits	556,581	618,983	1,175,564	-
Amounts held for others	1,069,453	-	1,069,453	-
Noncurrent liabilities:				
Due within one year	13,623,752	162,554	13,786,306	169,459
Due in more than one year	270,365,565	633,959	270,999,524	2,754,664
Total liabilities	328,675,015	2,588,847	331,263,862	3,006,509
Deferred inflows of resources:				
Taxes levied for future periods	68,613,228	-	68,613,228	-
Other postemployment benefit-related deferred inflows	1,677,635	87,609	1,765,244	-
Pension-related deferred inflows	38,494,960	2,026,051	40,521,011	-
Total deferred inflows of resources	108,785,823	2,113,660	110,899,483	-
Net position:				
Net investment in capital assets	174,732,248	3,060,862	177,793,110	(505,087)
Restricted for:				
Capital outlay	27,882,775	-	27,882,775	-
Special education	7,097,011	-	7,097,011	-
Post secondary	3,797,624	-	3,797,624	-
Debt service	4,215,482	-	4,215,482	-
SDRS pension	8,875,141	467,112	9,342,253	-
Unrestricted	20,993,616	6,082,491	27,076,107	1,384,509
Total net position	247,593,897	9,610,465	257,204,362	879,422
Total liabilities, deferred inflows of resources and net position	\$ 685,054,735	\$ 14,312,972	\$ 699,367,707	\$ 3,885,931

See notes to financial statements.

Sioux Falls School District 49-5

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit STI Housing Foundation
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
Instruction	\$ 183,657,336	\$ 13,616,293	\$ 69,370,985	\$ -	\$ (100,670,058)	\$ -	\$ (100,670,058)	\$ -
Support services	108,785,677	-	197,024	-	(108,588,653)	-	(108,588,653)	-
Community services	273,994	-	-	-	(273,994)	-	(273,994)	-
Nonprogrammed charges	3,021,206	-	-	-	(3,021,206)	-	(3,021,206)	-
Interest on long-term debt	6,257,110	-	-	-	(6,257,110)	-	(6,257,110)	-
Cocurricular activities	5,803,082	680,076	2,438,584	-	(2,684,422)	-	(2,684,422)	-
Total governmental activities	307,798,405	14,296,369	72,006,593	-	(221,495,443)	-	(221,495,443)	-
Business-type activities:								
Food services	13,121,419	781,792	11,905,177	-	-	(434,450)	(434,450)	-
Community services	3,952,118	2,657,673	-	-	-	(1,294,445)	(1,294,445)	-
Bookstore services	1,478,622	1,564,300	-	27,029	-	112,707	112,707	-
Instruction	3,035,995	3,031,097	-	-	-	(4,898)	(4,898)	-
Total business-type activities	21,588,154	8,034,862	11,905,177	27,029	-	(1,621,086)	(1,621,086)	-
Total primary government	\$ 329,386,559	\$ 22,331,231	\$ 83,911,770	\$ 27,029	(221,495,443)	(1,621,086)	(223,116,529)	-
Component unit:								
STI Housing Foundation	\$ 871,921	\$ 867,457	\$ -	\$ -	-	-	-	(4,464)
General revenues:								
Property taxes					135,524,123	-	135,524,123	-
Revenue from state sources not restricted to specific programs:								
State aid					81,646,380	-	81,646,380	-
Other					8,005,043	42,208	8,047,251	-
Grants and contributions not restricted to specific programs					1,553,198	562,840	2,116,038	-
Unrestricted investment earnings					828,315	1,419	829,734	2,357
Other general revenue					5,823,584	-	5,823,584	-
Transfers					(124,000)	124,000	-	-
Total general revenues and transfers					233,256,643	730,467	233,987,110	2,357
Change in net position					11,761,200	(890,619)	10,870,581	(2,107)
Net position—beginning, as restated					235,832,697	10,501,084	246,333,781	881,529
Net position—ending					\$ 247,593,897	\$ 9,610,465	\$ 257,204,362	\$ 879,422

See notes to financial statements.

Sioux Falls School District 49-5

**Balance Sheet
Governmental Funds
June 30, 2021**

	General	Capital Outlay	Special Education	Post Secondary Vocational	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 47,345,972	\$ 34,442,551	\$ 10,670,865	\$ 5,459,792	\$ 22,152,055	\$ 120,071,235
Current taxes receivable, net	34,616,784	15,331,041	10,742,548	-	3,761,165	64,451,538
Delinquent taxes receivable, net	1,300,036	539,414	315,779	-	58,502	2,213,731
Accounts receivable, net	621,060	54,190	1,809	508,438	-	1,185,497
Due from other funds	151,237	-	-	104,794	-	256,031
Due from other governments	7,125,392	1,959,819	3,253,456	822,494	-	13,161,161
Inventory and prepaid expenses	1,242,539	-	-	91,753	-	1,334,292
Total assets	\$ 92,403,020	\$ 52,327,015	\$ 24,984,457	\$ 6,987,271	\$ 25,971,722	\$ 202,673,485
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,709,981	\$ 1,784,764	\$ 747,437	\$ 535,933	\$ 4,689,929	\$ 9,468,044
Accrued wages and related benefits payable	22,714,630	-	5,334,343	533,187	-	28,582,160
Due to other funds	-	-	-	-	151,237	151,237
Amounts held for others	-	-	-	1,069,453	-	1,069,453
Unearned revenue	-	-	-	556,581	-	556,581
Total liabilities	24,424,611	1,784,764	6,081,780	2,695,154	4,841,166	39,827,475
Deferred inflows of resources:						
Taxes levied for a future period	36,781,587	16,357,172	11,461,563	-	4,012,906	68,613,228
Unavailable revenue—property taxes	1,195,390	490,458	287,339	-	52,946	2,026,133
Unavailable revenue—intergovernmental	160,500	-	32,170	-	-	192,670
Other deferred inflows of resources	8,004	23,989	120,002	-	-	151,995
Total deferred inflows of resources	38,145,481	16,871,619	11,901,074	-	4,065,852	70,984,026
Fund balances:						
Nonspendable:						
Inventory and prepaid expenses	1,242,539	-	-	91,753	-	1,334,292
Restricted for:						
Debt service	-	6,278,315	-	-	-	6,278,315
Construction projects	-	-	-	-	17,036,408	17,036,408
Capital outlay purposes	-	27,392,317	-	-	-	27,392,317
Special education purposes	-	-	7,001,603	-	-	7,001,603
Post-secondary vocational purposes	-	-	-	4,200,364	-	4,200,364
Committed:						
Superintendent deferred compensation	50,112	-	-	-	-	50,112
Assigned:						
Next year's budget	2,575,994	-	-	-	-	2,575,994
Hail damage project	-	-	-	-	425,291	425,291
Unassigned	25,964,283	-	-	-	(396,995)	25,567,288
Total fund balances	29,832,928	33,670,632	7,001,603	4,292,117	17,064,704	91,861,984
Total liabilities, deferred inflows of resources and fund balances	\$ 92,403,020	\$ 52,327,015	\$ 24,984,457	\$ 6,987,271	\$ 25,971,722	\$ 202,673,485

See notes to financial statements.

Sioux Falls School District 49-5

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Year Ended June 30, 2021**

Total fund balances—governmental funds	\$ 91,861,984
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available resource and, therefore, is not reported in the funds.	292,675
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	388,347,607
Certain delinquent taxes receivable not available to pay current expenditures are recorded as deferred inflows in the funds.	2,026,133
OPEB-related deferred outflows are components of the OPEB liability and, therefore, are not reported in the funds.	2,460,971
Pension-related deferred outflows are components of the net pension asset and, therefore, are not reported in the funds.	47,077,426
Long-term liabilities, including bonds payable, other postemployment benefits, early retirement obligation, and accrued vacation are not due and payable in the current period and, therefore, are not reported in the funds.	(283,989,317)
Certain federal and state receivables are not available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the funds.	344,665
Debt refunding charges are reported as expenditures in the governmental funds; however, they are recorded as deferred outflows on the statement of net position and amortized over the life of the debt.	27,002,964
Accrued interest is not due and payable in the current period and, therefore, is not reported in the funds.	(1,718,784)
OPEB-related deferred inflows are components of the OPEB liability and, therefore, are not reported in the funds.	(1,677,635)
Pension-related deferred inflows are components of the net pension asset and, therefore, are not reported in the funds.	(38,494,960)
Internal service funds are used by management to charge the costs of certain 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, except for capital assets, which are reported above with capital assets used in governmental activities.	14,060,168
Net position—governmental activities	<u><u>\$ 247,593,897</u></u>

See notes to financial statements.

Sioux Falls School District 49-5

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021**

	General	Capital Outlay	Special Education	Post Secondary Vocational	Other Governmental Funds	Total Governmental Funds
Revenues						
Local sources:						
Taxes	\$ 73,653,428	\$ 32,829,407	\$ 21,794,918	\$ -	\$ 6,640,749	\$ 134,918,502
Tuition and fees	420,188	40,371	72,882	12,960,832	-	13,494,273
Earnings on investments and deposits	135,399	43,409	11,141	14,319	596,455	800,723
Co-curricular activities	148,877	-	-	531,199	-	680,076
Other	7,521,644	2,712,313	358,102	844,367	10,000	11,446,426
Total local sources	81,879,536	35,625,500	22,237,043	14,350,717	7,247,204	161,340,000
Intermediate sources, county apportionment	771,731	-	-	-	-	771,731
State sources:						
Unrestricted grants in aid:						
State aid	81,646,380	-	-	-	-	81,646,380
State apportionment	2,243,324	-	-	-	-	2,243,324
Bank franchise taxes	5,452,232	-	-	-	-	5,452,232
Restricted grants in aid	260,156	-	20,259,026	7,342,728	-	27,861,910
Tuition	111,520	-	10,500	-	-	122,020
Other	735	-	10,132	298,620	-	309,487
Total state sources	89,714,347	-	20,279,658	7,641,348	-	117,635,353
Federal sources:						
Restricted grants in aid:						
Received directly from federal government	3,333,738	192,332	-	-	-	3,526,070
Received from federal government through the state	16,909,551	8,921,828	6,343,707	2,642,064	-	34,817,150
Other federal revenue	25,096	314,188	-	410,891	-	750,175
Total federal sources	20,268,385	9,428,348	6,343,707	3,052,955	-	39,093,395
Other	22,709	-	-	-	-	22,709
Total revenues	192,656,708	45,053,848	48,860,408	25,045,020	7,247,204	318,863,188

(Continued)

Sioux Falls School District 49-5

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021**

	General	Capital Outlay	Special Education	Post Secondary Vocational	Other Governmental Funds	Total Governmental Funds
Expenditures						
Current:						
Instruction:						
Regular programs:						
Elementary programs	45,865,076	-	-	-	-	45,865,076
Middle school programs	24,031,985	-	-	-	-	24,031,985
High school programs	29,054,418	-	-	-	-	29,054,418
Total regular programs	98,951,479	-	-	-	-	98,951,479
Special programs:						
Programs for the gifted and talented	733,646	-	-	-	-	733,646
Programs for mild disabilities	-	-	17,390,980	-	-	17,390,980
Programs for severe disabilities	-	-	8,682,518	-	-	8,682,518
Day programs	-	-	2,036,542	-	-	2,036,542
Homebound programs	-	-	91,298	-	-	91,298
Early childhood programs	-	-	1,706,148	-	-	1,706,148
Prolonged assistance programs	-	-	613,030	-	-	613,030
Programs for the culturally different	5,686,843	-	-	-	-	5,686,843
Programs for the educationally deprived	4,287,667	-	-	-	-	4,287,667
Other	5,233,464	-	248,376	-	-	5,481,840
Total special programs	15,941,620	-	30,768,892	-	-	46,710,512
Adult/continuing education programs:						
Adult basic education programs	-	-	-	237,027	-	237,027
Adult continuing education programs	-	-	-	41,685	-	41,685
Total adult/continuing education programs	-	-	-	278,712	-	278,712
Post-secondary occupational programs	-	-	-	10,428,669	-	10,428,669
Total instruction	114,893,099	-	30,768,892	10,707,381	-	156,369,372

(Continued)

Sioux Falls School District 49-5

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021**

	General	Capital Outlay	Special Education	Post Secondary Vocational	Other Governmental Funds	Total Governmental Funds
Support services:						
Pupils:						
Attendance and social work services	789,409	-	-	-	-	789,409
Guidance services	5,761,628	-	-	958,893	-	6,720,521
Health services	1,698,686	-	6,971	-	-	1,705,657
Psychological services	-	-	2,353	-	-	2,353
Speech pathology services	-	-	2,756,051	-	-	2,756,051
Student therapy services	-	-	2,180,056	-	-	2,180,056
Orientation and mobility services	-	-	130,327	-	-	130,327
Total pupils	8,249,723	-	5,075,758	958,893	-	14,284,374
Instructional staff:						
Improvement of instructional services	6,113,567	-	-	1,214,151	-	7,327,718
Educational media services	3,912,545	-	-	-	-	3,912,545
Total instructional staff	10,026,112	-	-	1,214,151	-	11,240,263
General and administrative:						
Board of Education services	1,081,128	-	-	266,020	-	1,347,148
Executive administration services	2,106,680	-	-	-	-	2,106,680
Total general and administrative	3,187,808	-	-	266,020	-	3,453,828
School administration:						
Office of the principal services	13,105,407	-	-	-	-	13,105,407
Other	1,618,441	-	-	3,622,569	-	5,241,010
Total school administration	14,723,848	-	-	3,622,569	-	18,346,417

(Continued)

Sioux Falls School District 49-5

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2021

	General	Capital Outlay	Special Education	Post Secondary Vocational	Other Governmental Funds	Total Governmental Funds
Business:						
Fiscal services	1,584,982	-	-	1,009,809	1,059,315	3,654,106
Facilities acquisition	-	-	-	46,569	19,139	65,708
Operation and maintenance of plant	18,309,545	-	-	1,819,157	-	20,128,702
Pupil transportation services	5,689,143	-	-	-	-	5,689,143
Food services	768,507	-	-	-	-	768,507
Internal services	1,080	-	-	-	-	1,080
Other	-	-	-	37,517	-	37,517
Total business	26,353,257	-	-	2,913,052	1,078,454	30,344,763
Central:						
Planning and research	712,336	-	-	-	-	712,336
Data processing services	3,255,572	-	-	1,787,234	-	5,042,806
Total central	3,967,908	-	-	1,787,234	-	5,755,142
Special education:						
Administrative costs	-	-	2,948,585	-	-	2,948,585
Transportation costs	-	-	2,632,666	-	-	2,632,666
Other	-	-	3,117,337	-	-	3,117,337
Total special education	-	-	8,698,588	-	-	8,698,588
Total support services	66,508,656	-	13,774,346	10,761,919	1,078,454	92,123,375
Community services:						
Nonpublic schools	219,808	-	-	-	-	219,808
Other	46,807	-	-	-	-	46,807
Total community services	266,615	-	-	-	-	266,615
Nonprogrammed charges:						
Unemployment payments	18,770	-	-	4,060	-	22,830
Early retirement payments	967,210	-	274,376	70,122	-	1,311,708
Payments to other educational institutions	-	835,525	-	-	-	835,525
Student financial aid	-	-	-	1,770,158	-	1,770,158
Total nonprogrammed charges	985,980	835,525	274,376	1,844,340	-	3,940,221

(Continued)

Sioux Falls School District 49-5

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021**

	General	Capital Outlay	Special Education	Post Secondary Vocational	Other Governmental Funds	Total Governmental Funds
Co-curricular activities:						
Male activities	1,512,436	-	-	-	-	1,512,436
Female activities	1,094,543	-	-	-	-	1,094,543
Combined activities	2,127,091	-	-	-	-	2,127,091
Total co-curricular activities	4,734,070	-	-	-	-	4,734,070
Other	40,278	-	-	-	-	40,278
Debt service:						
Principal	-	8,660,000	-	-	-	8,660,000
Interest	-	4,145,984	-	-	5,272,988	9,418,972
Total debt service	-	12,805,984	-	-	5,272,988	18,078,972
Capital outlay	-	18,021,844	39,141	3,270,159	53,287,724	74,618,868
Total expenditures	187,428,698	31,663,353	44,856,755	26,583,799	59,639,166	350,171,771
Revenues over (under) expenditures	5,228,010	13,390,495	4,003,653	(1,538,779)	(52,391,962)	(31,308,583)
Other Financing Sources (Uses)						
Transfers out	-	-	-	(124,000)	-	(124,000)
Capital outlay certificates issued	-	10,000,000	-	-	159,060,000	169,060,000
Sale of surplus property	-	218	-	-	-	218
Payment to refunded debt escrow agency	-	(9,898,067)	-	-	(157,996,534)	(167,894,601)
Total other financing sources (uses)	-	102,151	-	(124,000)	1,063,466	1,041,617
Net change in fund balances	5,228,010	13,492,646	4,003,653	(1,662,779)	(51,328,496)	(30,266,966)
Fund balance—beginning, as restated	24,604,918	20,177,986	2,997,950	5,954,896	68,393,200	122,128,950
Fund balance—ending	\$ 29,832,928	\$ 33,670,632	\$ 7,001,603	\$ 4,292,117	\$ 17,064,704	\$ 91,861,984

See notes to financial statements.

Sioux Falls School District 49-5

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021**

Net change in fund balances—total governmental funds	\$ (30,266,966)
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 certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized capital outlays (\$58,641,644) exceeded depreciation (\$12,799,238) in the current period.	45,842,406
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	605,621
In the statement of activities, the gain on disposition of assets is reported net of the carrying value of the assets removed, whereas in the governmental funds, the entire proceeds of the sales are reported as revenue.	(24,679)
The issuance of long-term debt (\$169,060,000) provides current financial resources to governmental funds, while the repayment and defeasance of the principal of long-term debt (\$153,490,000) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position in the government-wide financial statements. Also, governmental funds report the effect of premiums, discounts, and similar items (\$23,949,100) when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,379,100
The recognition of certain federal, state and other revenues in the governmental funds differ from the recognition of governmental activities in that the revenue accruals in the fund financial statement require amounts to be “available.”	211,665
Governmental funds do not reflect the change in accrued leave (including early retirement), but the statement of activities reflects the change in accrued leave through expenses.	992,759
Some expenses, including changes in accrued interest and the proportionate share of pension expense, reported in the statement activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(11,612,789)
Changes in the net pension asset, pension-related deferred outflows/inflows net, total OPEB liability, and OPEB-related deferred outflows/inflows net are direct components of changes in net position, but are not reflected in the governmental funds.	(759,928)
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 funds is reported with governmental activities.	(1,605,989)
Change in net position of governmental activities	<u><u>\$ 11,761,200</u></u>

See notes to financial statements.

Sioux Falls School District 49-5

Statement of Net Position Proprietary Funds June 30, 2021

	Business-Type Activities - Nonmajor Enterprise Funds	Governmental Activities - Internal Service Funds
Assets and Deferred Outflows of Resources		
Current assets:		
Cash	\$ 6,979,224	\$ 16,314,282
Accounts receivable	13,644	1,036,442
Due from other governments	723,356	120
Inventory and prepaid expenses	1,001,069	-
Total current assets	8,717,293	17,350,844
Noncurrent assets:		
Net pension asset	15,404	-
Capital assets:		
Buildings and improvements	5,888,548	-
Improvements other than buildings	6,866	-
Machinery and equipment—local funds	5,609,598	269,859
Machinery and equipment—federal assistance	3,375	-
Less accumulated depreciation	(8,447,525)	(225,482)
Total capital assets (net of accumulated depreciation)	3,060,862	44,377
Total noncurrent assets	3,076,266	44,377
Total assets	11,793,559	17,395,221
Deferred outflows of resources:		
Other postemployment benefits-related deferred outflows	130,104	-
Pension-related deferred outflows	2,477,759	-
Total deferred outflows of resources	2,607,863	-
Total assets and deferred outflows of resources	\$ 14,401,422	\$ 17,395,221
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable	\$ 220,978	\$ 87,266
Accrued wages and related benefits payable	1,114,927	3,410
Incurred but not reported claims	-	3,200,000
Due to other funds	88,450	-
Unearned revenue and deposits	618,983	-
Total current liabilities	2,043,338	3,290,676
Noncurrent liabilities:		
Total OPEB liability	633,959	-
Total noncurrent liabilities	633,959	-
Total liabilities	2,677,297	3,290,676
Deferred inflows of resources:		
Other postemployment benefits-related deferred inflows	87,609	-
Pension-related deferred inflows	2,026,051	-
Total deferred inflows of resources	2,113,660	-
Net position:		
Investment in capital assets	3,060,862	44,377
Restricted for SDRS pension	467,112	-
Unrestricted	6,082,491	14,060,168
Total net position	9,610,465	14,104,545
Total liabilities, deferred inflows of resources and net position	\$ 14,401,422	\$ 17,395,221

See notes to financial statements.

Sioux Falls School District 49-5

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 Year Ended June 30, 2021

	Business-Type	
	Activities - Nonmajor Enterprise Funds	Governmental Activities - Internal Service Funds
Operating revenue:		
Food sales	\$ 645,786	\$ -
Tuition	3,728,612	-
Bookstore sales	1,531,153	-
Charges equivalent to insurance premiums	-	38,865,832
Other	2,129,311	966,156
Total operating revenue	8,034,862	39,831,988
Operating expenses:		
Salaries	9,579,090	113,204
Employee benefits	2,779,852	21,285
Purchased services	662,357	3,920,741
Supplies	813,676	72,362
Cost of sales—purchases	5,076,399	-
Cost of sales—donated food	1,181,490	-
Insurance claims	-	37,157,781
Miscellaneous	384,927	152,711
Pension expense	720,814	-
Depreciation	389,549	27,485
Total operating expenses	21,588,154	41,465,569
Operating income (loss)	(13,553,292)	(1,633,581)
Nonoperating revenues (expenses):		
Local sources:		
Investment earnings	1,419	27,592
State sources:		
Other state revenue	42,208	-
Federal sources:		
Grants	10,793,616	-
Donated commodities	961,741	-
Restricted grants in aid	149,820	-
Other federal revenue	562,840	-
Total nonoperating revenues	12,511,644	27,592
Income (loss) before transfers	(1,041,648)	(1,605,989)
Donated capital assets	27,029	-
Transfers in	124,000	-
Total contributions and transfers	151,029	-
Change in net position	(890,619)	(1,605,989)
Net position—beginning, as restated	10,501,084	15,710,534
Net position—ending	\$ 9,610,465	\$ 14,104,545

See notes to financial statements.

Sioux Falls School District 49-5

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Business-Type	
	Activities - Nonmajor Enterprise Funds	Governmental Activities - Internal Service Funds
Cash flows from operating activities:		
Receipts from customers	\$ 8,816,353	\$ -
Receipts from interfund sources	-	39,229,010
Payments to suppliers	(6,861,279)	(4,114,652)
Payments to employees	(12,270,176)	(138,601)
Claims paid	-	(36,957,781)
Other receipts	-	352,790
Net cash provided by (used in) operating activities	(10,315,102)	(1,629,234)
Cash flows from noncapital financing activities:		
Federal and state operating subsidies	10,967,451	-
Transfers from other funds	124,000	-
Net cash provided by noncapital financing activities	11,091,451	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(21,545)	(2,907)
Net cash used in capital and related financing activities	(21,545)	(2,907)
Cash flows from investing activities, interest earnings	1,419	27,592
Net cash provided by investing activities	1,419	27,592
Net increase (decrease) in cash	756,223	(1,604,549)
Cash—beginning	6,223,001	17,918,831
Cash—ending	\$ 6,979,224	\$ 16,314,282
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (13,553,292)	\$ (1,633,581)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Donated commodities used	1,181,490	-
Depreciation expense	389,549	27,485
Changes in assets and liabilities:		
(Increase) decrease in receivables	539,493	(250,188)
(Increase) decrease in inventories and prepaids	(105,719)	-
(Increase) decrease in net pension asset	22,790	-
(Increase) decrease in pension-related deferred outflows	(536,662)	-
(Increase) decrease in OPEB-related deferred outflows	6,793	-
Increase (decrease) in accounts and other payables	381,385	231,162
Increase (decrease) in accrued wages and benefits payable	146,026	(4,112)
Increase (decrease) in pension-related deferred inflows	1,221,626	-
Increase (decrease) in OPEB-related deferred inflows	(8,581)	-
Net cash provided by (used in) operating activities	\$ (10,315,102)	\$ (1,629,234)
Noncash investing, capital and financing activities:		
Value of commodities received	\$ 961,741	\$ -
Donated capital assets	27,029	-

See notes to financial statements.

Sioux Falls School District 49-5

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021**

	Custodial Funds
<hr/>	
Assets:	
Cash	\$ 360,463
Due from other funds	227,415
Total assets	<u><u>\$ 587,878</u></u>
Liabilities:	
Due to local governments	\$ 75,677
Due to other funds	16,344
Total liabilities	<u>92,021</u>
Net Position:	
Restricted for individuals and organizations	<u>495,857</u>
Total net position	<u>495,857</u>
Total liabilities and net position	<u><u>\$ 587,878</u></u>

Sioux Falls School District 49-5

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021**

	Custodial Funds
<hr/>	
Additions:	
Fees collected for other government	\$ 1,954,617
Employee contributions	1,353,749
Other	20,021
Total additions	<u>3,328,387</u>
Deductions:	
Payment of fees to other government	1,954,617
Payments to employees	1,352,108
Other	12,262
Total deductions	<u>3,318,987</u>
Net increase in fiduciary net position	9,400
Net position, beginning, as restated	<u>486,457</u>
Net position, ending	<u><u>\$ 495,857</u></u>

See notes to financial statements.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies

A. Financial Reporting Entity

The reporting entity of the Sioux Falls School District 49-5 (the District) is a public school district encompassing the majority of the City of Sioux Falls, South Dakota. The District is responsible for the public education of approximately 24,000 students from pre-school through high school in 22 elementary, five middle school, four high school, and one technical education school buildings. In addition, the District is responsible for post-secondary education of approximately 3,000 students at Southeast Technical Institute. On July 1, 2020, the Southeast Technical Institute changed its name to Southeast Technical College.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Sioux Falls School District 49-5 is governed by a School Board, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The District has the statutory authority to adopt its own budget, to levy taxes, and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease, or mortgage property in its own name. Based on these criteria, the District is considered a primary government.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The 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 District (primary government). The District may also be financially accountable for another organization if that organization is fiscally dependent on the School Board.

The Southeast Technical Institute Housing Foundation (STI Housing Foundation) is a separate legal entity organized as a 501(c)(3) nonprofit organization. Its sole purpose is to construct and operate student housing at the Southeast Technical College. Because the School Board of the District has the authority to appoint and remove directors from the board of the STI Housing Foundation, management has determined that the STI Housing Foundation is an organization for which the primary government is financially accountable. Therefore, the STI Housing Foundation is included in the District's financial statements as a discretely presented component unit with its own column in the statement of net position and statement of activities. Because the STI Housing Foundation has a December 31 year-end, the amounts reported herein are for the year ended December 31, 2020. To obtain the separate financial statements for Southeast Technical Institute Housing Foundation, contact Rich Kluin, Vice President of Finance and Operations, Southeast Technical College, 2320 North Career Avenue, Sioux Falls, South Dakota 57107.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Government-wide financial statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental activities, business-type activities, and a discretely presented component unit of the 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 in Note 1.A. on the preceding page.

The statement of net position presents the financial condition of the District's governmental and business-type activities as of year-end. Net position is displayed in three components: net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities and for each segment of the District's business-type 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: The fund financial statements of the District provide information about the District's funds, including fiduciary funds. Separate statements are presented for each fund category—governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Nonmajor funds are aggregated and presented in a single column, as are internal service funds. A fund is considered major if it is the primary operating fund, General Fund, of the District or it meets the following criteria:

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements: The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the District, except for fiduciary activities, are included on the statement of net position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place.

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund financial statements: Proprietary and fiduciary funds are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds—governmental, proprietary, and fiduciary.

Governmental funds: Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the District's governmental funds:

General fund: Fund established by South Dakota Codified Laws (SDCL) 13-16-3 that accounts for all the financial resources and transactions except those required to be accounted for and reported in another fund.

Special revenue funds: Account for the proceeds of specific revenue sources (other than bond redemption and major capital projects) that are legally restricted or committed to expenditures for specified purposes. A brief description of the District's special revenue funds follows:

Capital Outlay Fund: Fund established by SDCL 13-16-6 that accounts for the resources designated for the acquisition of land, existing buildings, improvements of grounds, remodeling of buildings, purchase of equipment, certain transportation and utility costs, and payment of principal and interest related to capital outlay certificates. This fund is financed by property taxes.

Special Education Fund: Fund established by SDCL 13-37-16 that accounts for all revenues and expenditures associated with the cost of special education for all exceptional children residing in the District. This fund is financed by grants and property taxes.

Post-Secondary Vocational Fund: Fund established by SDCL 13-39-39.1 that accounts for all revenues and expenditures associated with operation of post-secondary vocational programs. This fund is financed by tuition, fees and grants.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Debt Service Fund: The Bond Redemption Fund, established by SDCL 13-16-13, accounts for and reports the accumulation of resources that are restricted to expenditures for principal and interest.

Capital Projects Funds: Account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities. Capital project funds consist of the Elementary Project Fund, Capital Improvement Plan Project Fund, Hail Damage Project Fund, High School Project Fund and Middle School Project Fund.

The District reports the General Fund, Capital Outlay Fund, Special Education Fund, and Post-Secondary Vocational Fund as major governmental funds.

Proprietary funds: Proprietary fund reporting focuses on the determination of operating income, changes in net position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues include charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary funds include enterprise and internal service funds.

Enterprise funds: May be used to report any activity operated on a self-supporting basis for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds in certain instances, including if pricing policies of the activity establish fees and charges designed to cover its costs, including capital costs. A brief description of the District's enterprise funds follows:

Food Service Fund: Accounts for the operation of the school lunch program. This fund is financed by user charges and grants.

Community Services Fund: Accounts for the operation 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.

House Construction Fund: Was set up to account for construction and sale of one home annually by a high school within the District. Currently, the house is being built in partnership with Habitat for Humanity and is no longer being sold. This fund is now largely inactive.

Post-Secondary Bookstore Fund: Accounts for the operation of a bookstore for the post-secondary vocational programs. This fund is financed by the sale of goods.

Post-Secondary Child Care Fund: Accounts for the operation of a child daycare facility at the post-secondary vocational college. This fund is financed by user charges and grants.

Post-Secondary Food Service Fund: Accounts for the operation of a cafeteria at the post-secondary vocational college. This fund is financed by user charges.

None of the individual enterprise funds are reported by the District as major funds.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Internal service funds: Account for the financing of goods or services provided by one department or agency to other departments or agencies on a cost-reimbursement basis. A brief description of the District's internal service funds follows:

Group Health Insurance Fund: Accounts for benefit payments under the District's group health self-insurance plan. Expenses are funded by employee withholding and by payments from various funds, which are based on set premium amounts.

Reprographics Fund: Accounts for printing and copying services.

Fiduciary funds: Fiduciary fund reporting focuses on net position and changes in net position, and are never considered to be major funds. The fiduciary funds of the District consist of several custodial funds.

Custodial funds: Custodial funds are used to report fiduciary activities for assets held by a governmental unit as an agent for individuals, private organizations, or other governmental units. A brief description of the District's custodial funds follows:

Flexible Spending Accounts Fund: Accounts for resources received and held by the District as agent for employee dependent care and health care reimbursement accounts.

HEFA Fees: Account for facility fees collected by Southeast Technical College from its students, which are remitted to the trustee for the benefit of the South Dakota Health and Education Facilities Authority.

Other: Account for several other custodial relationships of the Southeast Technical College.

Revenues—exchange and nonexchange transactions: On the accrual basis, revenue resulting from exchange transactions (primarily tuition and fees), in which each party gives and receives essentially equal value, is recorded when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within 90 days after year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are intended to finance. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available, i.e., received within 90 days of year-end, before it can be recognized, with the exception of property taxes, which must be received within 60 days of year-end to be recognized.

Other local revenue on the statement of revenue, expenditures, and changes in fund balances includes rental income, donations, contributions, and other miscellaneous local revenue.

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Expenses/expenditures: On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, the focus is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, other postemployment benefits, SDRS pension expenses, early retirement obligations, arbitrage, and vacation payable, which are recognized as expenditures when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental fund financial statements.

D. Other Significant Accounting Policies and Reporting Practices

Use of estimates in the preparation of financial statements: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred outflows and inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates. Estimates significant to the financial statements include the allowance for doubtful accounts receivable, useful lives of capital assets, liability for unpaid medical claims and claims incurred but not reported, net pension asset/liability and related deferred outflows/inflows, and the other postemployment benefit liability and related deferred outflows/inflows.

Certificates of deposit: Nonparticipating certificates of deposit (CDs) are recorded at amortized cost. This District did not have any certificates of deposit as of June 30, 2021.

Property taxes: Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The District's property taxes, levied by October 1, are due and payable in two installments before May 1 and November 1 of the following year and are attached as an enforceable lien on property as of January 1 each year. An allowance is provided for estimated uncollectible taxes. Counties and cities located within the 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 jurisdiction. Property tax abatements for the year ended June 30, 2021, were approximately \$277,000.

Inventory: Food service and bookstore enterprise fund inventory is accounted for at the lower of cost (first-in, first-out) or market, except for food service donated commodities which are valued at estimated market value based on the USDA price list on the date they are received. Fuel oil and other inventory in the general fund are accounted for at the lower of cost (first-in, first-out) or market. The cost of fuel oil and other inventory in the general fund is shown as a nonspendable component of the fund balance, as these items do not constitute "available spendable resources." The consumption method is used by governmental funds to record expenditures.

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Interfund receivables/payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to in the fund financial statements as either “Due To/From Other Funds” (current portion) or “Advances To/From Other Funds” (noncurrent portion). These amounts are eliminated in the government-wide statement of net position, except for the net residual balances due between the governmental activities and business-type activities, which are reported in the government-wide financial statements as “Internal Balances.”

Unearned revenue and deposits: Unearned revenue and deposits arise when assets are recognized before revenue recognition criteria have been met. Revenue is recognized as the services or goods are provided.

Deferred outflows and inflows of resources: A deferred outflow or inflow of resources is a consumption or an acquisition, respectively, of net position that is applicable to a future reporting period. Property taxes for which there is an enforceable legal claim as of June 30, but which were levied to finance the next fiscal year’s operations, have been recorded as deferred inflows of resources. On governmental fund financial statements, receivables that will not be collected within the availability period have also been reported as deferred inflows of resources.

On the government-wide financial statements, the District reports a deferred outflow of resources for deferred charges on refundings, which represent the reacquisition price in excess of the net carrying amount of the old debt, and is being amortized over the remaining life of the old debt. On the government-wide financial statements, the District also reports deferred outflows of resources for pensions and other post-employment benefit (OPEB) contributions made after the District’s measurement date but before the end of the District’s reporting period, the differences between expected and actual economic experience, the change in actuarial assumptions, and the difference between projected and actual investment earning and changes to the District’s OPEB plan and proportionate share in the pension plan. In the government-wide financial statements, the District reports deferred inflows of resources for the contributions in the OPEB plan and the proportionate share of contributions in the South Dakota Retirement System (SDRS) pension plan, the differences between expected and actual economic experience, and the change in actuarial assumptions.

Pensions: The net pension asset, deferred outflows (inflows) of resources related to pensions, pension expense (revenue), information about the fiduciary net position of the SDRS, and additions to/deletions from SDRS’ fiduciary net position have been measured on the same basis as they are reported by SDRS. School District contributions and net pension asset are recognized on an accrual basis of accounting.

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

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. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. The District has no infrastructure assets. The accounting treatment for 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 and proprietary fund financial statements: All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. Land and building improvements are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The District maintains a capitalization threshold for governmental activities of \$5,000 for machinery and equipment and \$20,000 for buildings and improvements. For business-type activities, the machinery and equipment capitalization threshold is \$1,000. Purchased software is included with machinery and equipment. The capitalization threshold for internally generated software is \$50,000. All reported capital assets, except land and construction in process, are depreciated using the straight-line method over the following useful lives:

	Years
Land improvements	10-20
Buildings	50
Building improvements	20-30
Machinery and equipment	5-15

Governmental fund financial statements: In the governmental fund financial statements, capital assets are accounted for as capital expenditures of the governmental fund upon acquisition.

Salaries and benefits payable: Payroll and related expenditures for teachers with annual contracts corresponding to the school year, which are payable in July and August, have been accrued as liabilities. Earned but unpaid payroll for hourly and administrative employees as of June 30, has also been accrued as a liability.

Vacation pay: Vacation pay is earned by administrative personnel and noncertified employees at various rates based upon their years of service. Employees may accumulate up to twice the amount of vacation earned in a year. For governmental funds, a liability and expenditure is recognized as payments come due upon the occurrence of events such as resignations and retirements. However, the entire accrued vacation liability and related expense is recorded in the government-wide and proprietary fund financial statements when earned.

Long-term liabilities: Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund statement of net position. Long-term liabilities consist primarily of accrued vacation, early retirement benefits payable, other postemployment benefits, general obligation bonds, and capital outlay certificates payable. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

In the fund financial statements, governmental funds do not report long-term liabilities. The face amount of debt issued is reported as other financing sources and payment of principal is reported as an expenditure. Bond premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net position: Following are the components of net position in the government-wide financial statements:

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.

Restricted net position: Consists of net position with constraints placed on its 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.

Unrestricted net position: All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Proprietary fund equity is classified the same as in the government-wide financial statements.

Fund balance: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Consists of amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Consists of amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws, or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints formally imposed by the Business Manager, subject to approval by the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Consists of amounts constrained by the District's intent to use them for a specific purpose that are not considered restricted or committed. The School Board has assigned fund balances for the hail damage project fund. The Business Manager has the authority to revise the amounts assigned, subject to approval by the School Board.

Unassigned: Consists of all amounts not included in other spendable classifications. Due to the funding sources and policies of the District, the general fund is generally the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Application of the fund balance: When an expenditure is incurred in governmental funds that can be paid using either restricted or unrestricted resources, the District's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications—committed, assigned, and then unassigned fund balances.

The government-wide statement of net position reports \$52,335,145 of restricted net position, of which \$42,992,892 is restricted by enabling legislation. Restrictions imposed by enabling legislation could be changed by future legislative action.

Extraordinary and special items: Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School Board and that are either unusual in nature or infrequent in occurrence. The District did not report any extraordinary or special items during the year.

Implementation of new accounting principles: In 2021, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. This statement establishes guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes, and how those activities should be reported. The implementation of this standard requires the District to present a Statement of Changes in Fiduciary Net Position. The implementation of the standard resulted in certain activities previously reported as fiduciary not being considered fiduciary under GASB 84. As a result, these activities and balances are now reported on the governmental and enterprise fund financial statements. Other previously reported agency funds are now reported as custodial funds. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 15.

Uncertainties: The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses, organizations, and people throughout the United States. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which COVID-19 impacts the District's results will depend of future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot precisely estimate the overall operational and financial impact to the District but such an impact could have a material adverse effect on the financial condition of the District.

Note 2. Deposits and Investments

The 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 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, and 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 Federal Deposit Insurance Corporation (FDIC) and National Credit Union Association (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.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

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 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. The District follows the State requirements. 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 District invests in nonparticipating certificates of deposit from time to time, which are reported at amortized cost.

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of a depository failure, the District's deposits may not be returned. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk for deposits or investments, but its practice is to follow the State requirements. As of June 30, 2021, \$147,062,182 of the District's bank balance of \$147,543,316 for checking and savings accounts was uninsured but collateralized in accordance with SDCL 4-6A-3.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District does not hold investments subject to interest rate risk as of June 30, 2021.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits eligible investments for the District, as discussed above. The District has no investment policy that would further limit its investment choices. Obligations of the United States government are not considered to be subject to credit risk. The District has no investments subject to this risk as of June 30, 2021.

Concentration of credit risk: The District is required to disclose investments in any one issuer that represent 5 percent or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The District places no limit on the amount that may be invested in any one issuer. The District has no investments subject to this risk as of June 30, 2021.

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. Income from savings accounts and certificates of deposit is recorded in the fund in which the investment is carried. Interest income from checking accounts is recorded in the General Fund.

Note 3. Accounts Receivable

Current taxes receivable are reported net of an allowance for doubtful accounts of \$44,164 in the General Fund, \$19,640 in the Capital Outlay Fund, \$13,762 in the Special Education Fund, and \$4,818 in the Debt Service Fund.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 3. Accounts Receivable (Continued)

Delinquent taxes receivable are reported net of an allowance for doubtful accounts of \$224,779 in the General Fund, \$77,854 in the Capital Outlay Fund, \$40,967 in the Special Education Fund, and \$4,062 in the Debt Service Fund.

Accounts receivable are reported net of an allowance for doubtful accounts of \$534,468 in the Post-Secondary Vocational Fund, \$33,100 in the Post-Secondary Bookstore Fund, and \$7,666 in the Post-Secondary Childcare Fund.

An allowance is provided for student accounts receivable in the Post-Secondary funds when the accounts are 120 days past due. Student accounts are written off as uncollectible at the time management determines them unlikely to be collected, which is generally 365 days past due.

Note 4. Interfund Receivables, Payables and Transfers

At June 30, 2021, interfund receivables and payables were as follows:

Fund:	Interfund	
	Receivable	Payable
General	\$ 151,237	\$ -
Post-Secondary Vocational	104,794	-
Fiduciary—Custodial	-	16,344
Nonmajor governmental	-	151,237
Nonmajor enterprise	-	88,450
	<u>\$ 256,031</u>	<u>\$ 256,031</u>

The interfund receivable and payable balances consist of: 1) \$151,237 borrowed from the General Fund by the Bond Redemption Fund to make debt interest payments prior to collection of property taxes; 2) \$88,450 borrowed from the Post-Secondary Vocational Fund by the Post-Secondary Childcare Fund to cover an operating loss; and 3) \$16,344 due to the Fiduciary Custodial Funds from the Post-Secondary Vocational Fund. The District expects that all interfund receivables will be repaid within 12 months.

Interfund transfers for the year ended June 30, 2021, were as follows:

Transfers from:	Transfers to		
	General Fund	Nonmajor Governmental	Nonmajor Enterprise
Post-Secondary Vocational Fund	\$ -	\$ -	\$ 124,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,000</u>

During the year ended June 30, 2021, the Post-Secondary Vocational Fund transferred \$85,000 and \$39,000 to the Post-Secondary Food Service Fund and Post-Secondary Child Care Fund, respectively, to cover net operating losses.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Retirements / Transfers	Balance June 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,568,200	\$ 341,900	\$ -	\$ 17,910,100
Construction in progress	66,147,132	49,220,931	3,258,775	112,109,288
Total capital assets not being depreciated	83,715,332	49,562,831	3,258,775	130,019,388
Capital assets being depreciated:				
Buildings	394,923,546	9,747,684	-	404,671,230
Improvements other than buildings	23,640,427	1,403,614	-	25,044,041
Machinery and equipment	37,126,511	1,189,197	540,839	37,774,869
	455,690,484	12,340,495	540,839	467,490,140
Less accumulated depreciation for:				
Buildings	152,842,898	9,388,468	-	162,231,366
Improvements other than buildings	14,698,199	1,324,458	-	16,022,657
Machinery and equipment	29,310,261	2,113,797	516,160	30,907,898
	196,851,358	12,826,723	516,160	209,161,921
Total capital assets being depreciated, net	258,839,126	(486,228)	24,679	258,328,219
Governmental activities capital assets, net	\$ 342,554,458	\$ 49,076,603	\$ 3,283,454	\$ 388,347,607
Instruction				
				\$ 10,416,302
Support services				
				1,544,341
Community				
				3,012
Co-curricular				
				863,068
Total depreciation expense, governmental activities				\$ 12,826,723

Sioux Falls School District 49-5

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	Balance		Balance	
	June 30, 2020	Additions	Retirements	June 30, 2021
Business-type activities:				
Capital assets being depreciated:				
Building improvements	\$ 5,888,548	\$ -	\$ -	\$ 5,888,548
Improvements other than buildings	6,866	-	-	6,866
Machinery and equipment	5,571,394	48,574	6,995	5,612,973
	<u>11,466,808</u>	<u>48,574</u>	<u>6,995</u>	<u>11,508,387</u>
Less accumulated depreciation for:				
Building improvements	3,663,560	189,950	-	3,853,510
Improvements other than buildings	4,966	343	-	5,309
Machinery and equipment	4,396,445	199,256	6,995	4,588,706
	<u>8,064,971</u>	<u>389,549</u>	<u>6,995</u>	<u>8,447,525</u>
Business-type activity capital assets, net	\$ 3,401,837	\$ (340,975)	\$ -	\$ 3,060,862
Food services				\$ 366,332
Community services				11,845
Bookstore services				10,372
Instruction				1,000
Total depreciation expense, business-type activities				\$ 389,549

Note 6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2021, are as follows:

	Balance		Balance		Due Within
	June 30, 2020	Additions	Reductions	June 30, 2021	One Year
Governmental activities:					
Capital outlay certificates	\$ 101,455,000	\$ 10,000,000	\$ 17,845,000	\$ 93,610,000	\$ 9,270,000
Plus unamortized premium	6,502,402	-	1,503,727	4,998,675	-
Less unamortized discount	(77,091)	-	(63,147)	(13,944)	-
Total capital outlay certificates	<u>107,880,311</u>	<u>10,000,000</u>	<u>19,285,580</u>	<u>98,594,731</u>	<u>9,270,000</u>
General obligation bonds	135,645,000	159,060,000	135,645,000	159,060,000	2,000,000
Plus unamortized premium	1,489,541	-	1,489,541	-	-
Less unamortized discount	(290,376)	-	(290,376)	-	-
Total general obligation bonds	<u>136,844,165</u>	<u>159,060,000</u>	<u>136,844,165</u>	<u>159,060,000</u>	<u>2,000,000</u>
Total OPEB liability	22,192,979	1,236,478	-	23,429,457	-
Early retirement plan obligation	1,470,391	-	919,014	551,377	-
Accrued vacation	2,427,497	1,738,622	1,812,367	2,353,752	2,353,752
Governmental activities long-term liabilities	\$ 270,815,343	\$ 172,035,100	\$ 158,861,126	\$ 283,989,317	\$ 13,623,752
Business-type activities:					
Accrued vacation	\$ 166,814	\$ 133,268	\$ 137,528	\$ 162,554	\$ 162,554
Total OPEB liability	<u>568,470</u>	<u>65,489</u>	<u>-</u>	<u>633,959</u>	<u>-</u>
Business-type activities long-term liabilities	\$ 735,284	\$ 198,757	\$ 137,528	\$ 796,513	\$ 162,554

Sioux Falls School District 49-5

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

Capital outlay certificates: The capital outlay certificates are a limited general obligation debt, which are payable from tax levies of the capital outlay fund. The debt service for the certificates is accounted for in the capital outlay fund. The certificates bear interest at fixed rates, which vary based upon maturity date. A summary of the certificates outstanding at June 30, 2021, is as follows:

Issue	Issue Date	Final Maturity		Balance
		Date	Interest Rate	
2011	7/1/11	1/1/31	2.05%-5.00%	2,790,000
2013	9/12/13	7/1/33	2.00%-4.50%	2,450,000
2015	10/15/15	7/1/35	2.00%-5.00%	1,830,000
2017A	11/16/17	8/1/29	3.50%-5.00%	9,650,000
2017B	11/16/17	2/1/31	1.375%-5.00%	20,110,000
2017C	11/28/17	8/1/33	3.00%-5.00%	34,955,000
2019	11/13/19	2/1/26	2.00%-4.00%	11,825,000
2021	2/23/21	8/1/35	0.215%-1.998%	10,000,000
				\$ 93,610,000

Annual debt service requirements to maturity for capital outlay certificates at June 30, 2021, are as follows:

	Governmental Activities		
	Principal	Interest	Total
Years ending June 30:			
2022	\$ 9,270,000	\$ 3,478,178	\$ 12,748,178
2023	8,685,000	3,091,535	11,776,535
2024	8,505,000	2,713,836	11,218,836
2025	8,900,000	2,340,494	11,240,494
2026	8,655,000	1,985,350	10,640,350
2027-2031	36,665,000	5,358,139	42,023,139
2032-2036	12,930,000	664,987	13,594,987
Total	\$ 93,610,000	\$ 19,632,519	\$ 113,242,519

General obligation bonds: The general obligation bonds are payable from tax levies collected. The debt service for the bonds is accounted for in the separate debt service fund. The bonds bear interest at fixed rates, which vary based upon maturity date. A summary of general obligation bonds outstanding at June 30, 2021, is as follows:

Issue	Issue Date	Final Maturity		Balance
		Date	Interest Rate	
2021	6/8/21	8/1/39	0.157%-2.672%	\$159,060,000

Sioux Falls School District 49-5

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

Annual debt service requirements to maturity for general obligation bonds at June 30, 2021, are as follows:

	Governmental Activities		
	Principal	Interest	Total
Years ending June 30:			
2022	\$ 2,000,000	\$ 1,834,268	\$ 3,834,268
2023	5,000,000	2,828,423	7,828,423
2024	7,925,000	2,811,729	10,736,729
2025	7,960,000	2,777,514	10,737,514
2026	8,015,000	2,720,401	10,735,401
2027-2031	41,640,000	12,045,763	53,685,763
2032-2036	45,755,000	7,920,735	53,675,735
2037-2040	40,765,000	2,177,022	42,942,022
Total	<u>\$ 159,060,000</u>	<u>\$ 35,115,855</u>	<u>\$ 194,175,855</u>

State Aid Pledge: The District has pledged state aid for the 2021 general obligation bonds and the 2017A, 2017B, 2017C, 2019, and 2021 capital outlay certificates. In the event that the District does not timely deposit the required semiannual principal and/or interest payments under these 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.

Other postemployment benefits: See Note 8 for a description of the liability for other postemployment benefits. Other postemployment benefits typically are liquidated from the applicable fund in which the related costs were incurred.

Early retirement plan obligation: See Note 11 for a description of the liability under the early retirement plan. Early retirement benefits typically are liquidated from the applicable fund in which the related costs were incurred.

Accrued vacation: Accrued vacation is typically liquidated from the fund in which the related wages are recognized.

Legal debt margin: The District's legal debt limit is approximately \$1,358,800,000 (10 percent of assessed valuation). At June 30, 2021, the District's available debt capacity is approximately \$1,103,200,000.

Refunded certificates: In February, 2021, the District issued \$10,000,000 of Limited Tax General Obligation Refunding Certificates, Series 2021. The certificates mature from fiscal year 2022 through 2036 and bear interest from .215 percent to 1.998 percent. The proceeds were used to pay issuance and underwriting costs of approximately \$102,000, and to refund the Series 2015 certificates maturing in fiscal years 2025 through 2030, aggregating \$9,185,000. This resulted in a \$557,304 reduction in total debt service cost and an economic gain (net present value) of \$504,651 over the life of the certificates. The 2021 certificates are recorded on the District's financial statements as of June 30, 2021, and the refunded portion of the Series 2015 certificates are considered defeased. These refunded certificates have been removed from the financial statements as of June 30, 2021. The gain on refunding is being amortized over the shorter of the life of the refunded certificates or the new certificates.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

Refunded bonds: In June, 2021, the District issued \$159,060,000 of General Obligation Refunding Bonds, Taxable Series 2021. The bonds mature from fiscal year 2022 through 2040 and bear interest from .157 percent to 2.672 percent. The proceeds were used to pay issuance and underwriting costs of approximately \$1,063,000, and to refund the Series 2018A bonds maturing in fiscal years 2030 through 2044, aggregating \$135,645,000. This resulted in a \$29,288,832 reduction in total debt service cost and an economic gain (net present value) of \$10,112,842 over the life of the bonds. The 2021 bonds are recorded on the District's financial statements as of June 30, 2021, and the Series 2018A bonds are considered defeased. These refunded bonds have been removed from the financial statements as of June 30, 2021. The gain on refunding is being amortized over the shorter of the life of the refunded bonds or the new bonds.

Subsequent debt issuance: On March 17, 2022, the District issued \$51,300,000 of General Obligation Bonds. The certificates will mature from fiscal year 2041 through 2047. The proceeds will be used for school facilities expansion and improvements.

Note 7. Long-Term Liabilities-Component Unit

Changes in long-term liabilities for the component unit for the year ended December 31, 2020, are as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Bank note payable	\$ 3,148,520	\$ -	\$ 224,397	\$ 2,924,123	\$ 169,459

The bank note includes interest at 3.98 percent until April 2021 and variable interest thereafter at 3 percent over the U.S. Treasury Securities Rate Adjusted to a Constant Maturity of one year, including an interest rate floor of 3.25 percent and ceiling of 6.25 percent. The loan is due on demand and collateralized by a mortgage. In the event of default, the interest rate is subject to an increase of 10 percent. If no demand is made, the loan is due in monthly installments of approximately \$23,000, and matures in a final balloon payment in April 2026 at an initial amount of \$2,330,140.

If no demand is made, annual debt service requirements to maturity for the bank note at December 31, 2020, are as follows:

Years ending December 31:	Component Unit		
	Principal	Interest	Total
2021	\$ 169,459	\$ 115,078	\$ 284,537
2022	176,437	108,101	284,538
2023	183,702	100,835	284,537
2024	191,267	93,271	284,538
2025	199,143	85,395	284,538
2026-2030	2,004,115	529,406	2,533,521
Total	\$ 2,924,123	\$ 1,032,086	\$ 3,956,209

Sioux Falls School District 49-5

Notes to Financial Statements

Note 8. Other Postemployment Benefits

The District reflects an actuarially determined liability for the present value of projected retirement group health benefits for retired and active employees in the financial statements.

Plan description: The District provides a single-employer defined benefit postemployment health self-insurance plan that covers eligible retired employees of the District. The District maintains a group health self-insurance fund and contracts with an insurance company to provide life insurance benefits for active employees and their eligible dependents, and retirees meeting eligibility requirements. Eligibility for retiree benefits is established and amended through collective bargaining with each employee group. SDCL 13-10-3 allows any school district to provide group health and life insurance for its employees and their immediate families and former employees that have retired. The liability exists because of an implicit subsidy of costs of the benefits to retirees by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75, and the District is not required to contribute to the plan. The plan does not issue a stand-alone financial report.

Benefits provided: The 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 percent 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 percent of the active employee premium through age 65.

Employees covered by benefit terms: At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	164
Inactive employees entitled to but not yet receiving benefits	-
Active employees	3,010
	<u>3,174</u>

Total other postemployment benefits (OPEB) liability: The District's total OPEB liability was determined by an actuarial valuation as of June 30, 2020, with a subsequent simplified roll-forward valuation as of June 30, 2021.

Actuarial methods and assumptions: The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	3.00%
Salary increases	3.50%
Discount rate—beginning of year	2.21%, Bond Buyer 20-Bond GO index
Discount rate—end of year	2.16%, Bond Buyer 20-Bond GO index
Health care cost trend rate	5.50%, decreasing 0.50% each year to an ultimate rate of 4.50%

Mortality rates were based on the Pub-2010 generational table scaled using MP-2019 and applied on a gender-specific basis. Retirement probability is based on the District's historical experience and data from the South Dakota Retirement System. Expected annual medical claim costs were developed from a combination of historical claim experience and manual claim costs developed using a representative database.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 8. Other Postemployment Benefits (Continued)

There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total OPEB liability since the prior measurement period, other than the discount rate. In addition, there were no changes in benefit provisions made since the prior valuation.

Changes in the net OPEB liability:

	Total OPEB Liability
Balance at June 30, 2020	\$ 22,761,449
Changes for the year:	
Service cost	1,671,249
Interest cost	528,845
Changes in assumptions or other inputs	108,006
Benefit payments	(1,006,133)
Net changes	1,301,967
Balance at June 30, 2021	\$ 24,063,416

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the District, as well as what the District's approximate total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 26,341,000	\$ 24,063,000	\$ 22,007,000

Sensitivity of the total OPEB liability to changes in the health care cost trend rates: The following presents the total OPEB liability of the District, as well as what the District's approximate total OPEB liability would be if it were calculated using health care cost trend rates that are 1 percentage point lower (4.5 percent decreasing to 3.5 percent) or 1 percentage point higher (6.5 percent decreasing to 5.5 percent) than the current health care cost trend rates:

	1% Decrease (4.5% Decreasing to 3.5%)	Healthcare Cost Trend Rates (5.5% Decreasing to 4.5%)	1% Increase (6.5% Decreasing to 5.5%)
Total OPEB liability	\$ 21,113,000	\$ 24,063,000	\$ 27,611,000

Sioux Falls School District 49-5

Notes to Financial Statements

Note 8. Other Postemployment Benefits (Continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,392,741
Changes of assumptions and other inputs	2,591,075	372,503
Total	<u>\$ 2,591,075</u>	<u>\$ 1,765,244</u>

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

Years ending June 30:	
2022	\$ 72,479
2023	72,479
2024	72,479
2025	72,479
2026	72,479
Thereafter	463,436
	<u>\$ 825,831</u>

Note 9. Commitments and Contingencies

Sick leave: Substantially all employees accumulate sick leave for future use. These accumulations do not vest and are not recognized as expenditures by the District until the leave is used. At June 30, 2021, accumulated unused sick leave was approximately \$50,118,000.

Early retirement: The District's employment contract for teachers and administrative personnel provides for an early retirement benefit as described within Note 11. An estimation of the potential liability for those teachers and administrative personnel that will become eligible in future years to receive this benefit has not been made, and is not required under US GAAP.

Construction contracts and open purchase orders: At June 30, 2021, there were total commitments of \$2,329,234, \$90,337, \$7,285,819, \$6,786,848 and \$522,991 remaining on the construction contracts for the Capital Outlay Fund, Post-Secondary Vocational Fund, Capital Improvement Plan Project Fund, High School Project Fund, and Middle School Project Fund, respectively, for various construction and remodeling commitments. At June 30, 2021, there were commitments for open purchase orders of \$1,506,780, \$7,154,883, \$241,253, \$2,572,478, \$6,703,006, and \$651,476 in the General Fund, Capital Outlay Fund, Special Education Fund, Post-Secondary Vocational Fund, Capital Projects Funds and Enterprise Funds, respectively. In addition, there were commitments for equipment and building operating leases of \$1,045,981, \$65,000, \$72,256, and \$207,996 in the General Fund, Special Education Fund, Post-Secondary Vocational Fund, and Reprographics Fund, respectively.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 9. Commitments and Contingencies (Continued)

Operating leases: The District leases the facilities for a portion of the Southeast Technical College from the South Dakota Board of Education. The facilities were constructed with proceeds from bonds issued by the South Dakota Health and Education Facilities Authority (Authority). The South Dakota Board of Education leases the facility from the Authority and then subleases it to the District on a rent-free basis. The lease agreement calls for rental payments coinciding with the bond retirement schedule. Currently, those rentals are being paid from the facility fee fund account maintained by the trustee. It is anticipated that these fees will be sufficient to make the lease payments throughout the term of the leases, and therefore no rent expense has been recorded by the District. The facility fee is collected from each student attending the four vocational technical schools in the state. These fees are remitted to the trustee for the purpose of retiring the indebtedness against the facilities constructed at the various vocational-technical schools. 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 District and the South Dakota Board of Education have the option of renewing the lease on an annual basis for \$100, subject to the restriction on use of the project for post-secondary vocational-technical education. The District is responsible for all repair and maintenance costs associated with the building. The cost of these facilities is not included in capital assets in the government-wide financial statements since the District does not have, nor will it obtain, ownership of the facilities under the terms of the sublease. The bonds used to construct these facilities are not obligations of the District and are being repaid by fees assessed by the South Dakota Board of Education; therefore, the bonds are not included in these financial statements.

The District leases printers, multi-function devices, and operating space under various leases as of June 30, 2021. Rental expense for the year ended June 30, 2021, was \$549,920. The printers and multi-function devices are collateralized by the equipment leased. In the event of default, the printers and multi-function devices are subject to an increase in lease payment of 5 percent.

Lease commitments for the printers, multi-function devices and operating space as of June 30, 2021, are as follows:

Years ending June 30:

2022	\$	533,460
2023		407,320
2024		396,762
2025		53,691
	\$	<u>1,391,233</u>

Legal and other matters: In the ordinary course of business, the 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 District's financial position or results of operations.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 10. Pension Plan

Plan information: All District employees who meet enrollment qualifications participate in the SDRS, a cost-sharing, multiple-employer defined-benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions is found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements, footnote disclosures, and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx>, or by writing to the SDRS, P.O. Box 1098, Pierre, South Dakota 57501-1098, or by calling 1-605-773-3731.

Benefits provided: Employees that were hired before July 1, 2017, are Foundation members. Class A 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. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

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

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

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

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 District members are required by state statute to contribute 6 percent of their salary to the plan. State statute also requires the District to contribute an amount equal to the member's contribution. State statute also requires the District to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The contribution from the District was \$9,594,414, \$9,333,219, and \$9,194,774 for the years ended June 30, 2021, 2020, and 2019, respectively.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 10. Pension Plan (Continued)

Pension liabilities (assets), pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2020, SDRS is 100.04 percent funded, and accordingly, has a net pension asset.

At June 30, 2021, the District reported an asset of \$308,079 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension asset used to calculate the net pension asset was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the District's collective proportion was 7.0937270 percent, which was a decrease of .1144853 percent from its proportion measured at June 30, 2019.

For the year ended June 30, 2021, the District recognized a pension expense (benefit) of \$14,416,292. At June 30, 2021, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Governmental Activities	Business-Type Activities	Total
Differences between expected and actual experience	\$ 1,119,642	\$ 58,929	\$ 1,178,571
Changes in assumptions	9,427,300	496,172	9,923,472
Net difference between projected and actual investment earnings on pension plan investments	27,202,729	1,431,723	28,634,452
Changes in proportion	213,062	11,214	224,276
District contributions subsequent to the measurement date	9,114,693	479,721	9,594,414
Total deferred outflows of resources	<u>\$ 47,077,426</u>	<u>\$ 2,477,759</u>	<u>\$ 49,555,185</u>

At June 30, 2021, the District reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources		
	Governmental Activities	Business-Type Activities	Total
Changes in assumptions	\$ 38,020,830	\$ 2,001,097	\$ 40,021,927
Differences between expected and actual experience	229,274	12,067	241,341
Changes in proportion	244,856	12,887	257,743
Total deferred inflows of resources	<u>\$ 38,494,960</u>	<u>\$ 2,026,051</u>	<u>\$ 40,521,011</u>

Sioux Falls School District 49-5

Notes to Financial Statements

Note 10. Pension Plan (Continued)

\$9,594,414 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense over the remaining service lives of all system members, calculated at 4.38, 4.46, 4.31, 4.44, and 4.34 for the years ended June 30, 2016, 2017, 2018, 2019, and 2020, respectively, with the exception of the differences between estimated and actual investment earnings, which are amortized over a closed five-year period inclusive of this fiscal year. The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Governmental Activities	Business-Type Activities	Total
Years ending June 30:			
2022	\$ (3,508,098)	\$ (184,637)	\$ (3,692,735)
2023	(2,582,707)	(135,932)	(2,718,639)
2024	470,018	24,738	494,756
2025	5,088,559	267,819	5,356,378
	<u>\$ (532,228)</u>	<u>\$ (28,012)</u>	<u>\$ (560,240)</u>

Actuarial assumptions: The total pension asset in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	6.50 percent at entry to 3.00 percent after 25 years of service
Investment rate of return	6.50 percent, net of pension plan investment expense
Future COLAs	1.41 percent

Mortality rates for active and nondisabled inactive or retired members and beneficiaries were based on 97 percent of the RP-2014 Mortality Table, projected generationally with Scale MP-2016, white-collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on RP-2014 Disabled Retiree Mortality Table, adjusted to 2006, and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2011, through June 30, 2016.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 10. Pension Plan (Continued)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

	Target Allocation	Long-Term Expected Real Rate of Return
Asset class:		
Global equity	58.0%	5.1%
Fixed income	30.0%	1.5%
Real estate	10.0%	6.2%
Cash	2.0%	1.0%
	100.0%	

Discount rate: The discount rate used to measure the total pension asset was 6.50 percent. 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 asset.

Sensitivity of asset to changes in the discount rate: The following presents the District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50 percent, as well as what the 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 percent) or 1 percentage point higher (7.50 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of net pension liability (asset)	\$ 119,514,301	\$ (308,079)	\$ 98,320,426

Pension plan fiduciary net position: Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report, which can be found at <http://sdrs.sd.gov>.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 11. Early Retirement Plan

The District has an employment contract which provides for an early retirement cash benefit of up to 90 percent of current contract salaries to teachers and administrative personnel who retire after having met certain age and length-of-service requirements. To collect these benefits, notification must be given no later than February 1 of the year in which such retirement will occur. Currently, 104 retirees are receiving benefits under this provision. The benefit is paid in five annual installments due June 30 of each year and is paid into a Special Pay Plan as a 403(b) tax-sheltered contribution and/or transferred to the District's Payroll Withholding Fund to be used to fund future medical insurance premiums. The early retirement benefits are funded from the applicable fund on a pay-as-you-go basis and are recorded as a liability in the government-wide financial statements at the time an employee elects early retirement.

Benefits paid during the year ended June 30, 2021, were \$1,400,427. The liability for future payments is \$551,377 and is payable in fiscal year 2022.

The District amended the early retirement plan for teachers effective with the year ended June 30, 2019, and for administrators effective with the year ending 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, and/or transferred to the District's Payroll Withholding Fund to be used to fund future medical insurance premiums. 150 employees are expected to be eligible for early retirement benefits by February 1, 2022, not all of whom are expected to elect early retirement.

Note 12. Risk Management

General: The 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; employee health; and natural disasters. The District carries commercial insurance for insurable risks of loss except for employee health insurance and unemployment claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

Unemployment insurance: The District has the option of funding for unemployment payments by either making payments to the state fund or by self-insuring. The District has elected to self-insure and pays unemployment claims from the applicable fund. The District paid \$22,830 of unemployment insurance claims during the year ended June 30, 2021.

Group health insurance: The District has established a group health self-insurance fund to pay for medical claims of District employees and their covered dependents. Payments to the fund are actuarially determined and are to cover individual claims up to \$300,000 and any administrative costs relative to the processing of the claims. Medical claims exceeding \$300,000 with an unlimited maximum are covered through a private insurance carrier. An estimated liability for claims incurred but not paid is accrued based upon the past experience of the plan.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 12. Risk Management (Continued)

Changes in the aggregate liabilities of the Group Health Insurance Fund during 2021 were as follows:

	<u>2021</u>
Benefit claims payable, at beginning of year	\$ 3,000,000
Employee health and related benefits incurred, including changes in estimates	39,179,330
Employee health and related benefits paid	<u>(38,979,330)</u>
Benefit claims payable, at end of year	<u><u>\$ 3,200,000</u></u>

Note 13. Deficit Fund Balance / Net Position of Individual Nonmajor Funds

As of June 30, 2021, the Bond Redemption Fund has a deficit fund balance of \$396,995, the Post-Secondary Child Care Fund had a deficit net position of \$57,250, and the Community Services Fund had a net deficit net position of \$44,673. The District believes the deficit fund balance in the Bond Redemption Fund will be resolved through the levy of property taxes, and plans to address the deficit net positions in the Post-Secondary Child Care Fund through cash transfers from the Post-Secondary Vocational Fund and in the Community Services Fund through an increase in rates charged to users.

Note 14. Pending GASB Statements

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued in May 2020, was effective immediately for the District. The objective of Statement No. 95 is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by delaying the effective dates of pronouncements not yet adopted by 12-18 months. The following pronouncements have been updated to reflect the new effective dates.

The GASB has issued several statements not yet implemented by the District. The statements which may impact the District are as follows:

GASB Statement No. 87, *Leases*, will be effective for the District beginning with its fiscal year ending June 30, 2022. Among other things, Statement 87 requires that government lessees:

- Recognize the following: (a) a lease liability and (b) an intangible asset representing the lessee's right to use the leased asset; and
- Report in its financial statements: (a) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (b) interest expense on the lease liability and (c) note disclosures about the lease.

Under Statement 87, government lessors must:

- Recognize: (a) a lease receivable and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and
- Report in its financial statements: (a) lease revenue, recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable, and (c) note disclosures about the lease.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 14. Pending GASB Statements (Continued)

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, will be effective for the District for the year ending June 30, 2022. Statement 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for year ending June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, *Omnibus 2020*, issued in January 2020, will be effective for the District for year ending June 30, 2022. The objective of Statement No. 92 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to leases, postemployment benefits (pensions and other postemployment benefits), fiduciary activities, asset retirement obligations and fair value measurement and application.

GASB No. 93, *Replacement of Interbank Offered Rates* establishes how the District will report the change of any of its variable payment debt that are tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. This statement will be effective for the District with its year ending June 30, 2022 except for provision relating to the removal of the LIBOR rate, which will be effective for the fiscal year ending June 30, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This statement will be effective for the District for its year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. This statement will be effective for the District for its year ending June 30, 2023.

Sioux Falls School District 49-5

Notes to Financial Statements

Note 14. Pending GASB Statements (Continued)

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This statement will also enhance the relevance, consistency and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Another objective of this statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. This statement will be effective for the District for its year ending June 30, 2023.

The District's management has not yet determined the effect of Statements 87, 91, 92, 93, 94, 96 and 97 will have on the District's financial statements.

Note 15. Implementation of New Standard and Restatement

As of July 1, 2020, the District implemented GASB Statement No. 84, Fiduciary Activities (GASB 84). Certain agency funds previously accounted for activities that are not considered fiduciary in nature under GASB 84, which are now reported in the governmental and enterprise funds. Other previously reported agency funds are now reported as custodial funds.

The District restated the fund balance and net position of the funds indicated below to appropriately reflect the July 1, 2020 balances as follows:

	Governmental Activities		Business-Type Activities	
Net position as of July 1, 2020, as previously reported	\$ 231,411,601	\$	10,304,966	
Restatement for implementation of GASB 84	4,421,096		196,118	
Net position as of July 1, 2020, as restated	<u>\$ 235,832,697</u>	<u>\$</u>	<u>10,501,084</u>	

	Governmental Funds					
	General	Capital Outlay	Special Education	Post-Secondary Vocational	Other Governmental	Governmental Funds Total
Fund balance as of July 1, 2020, as previously reported	\$ 20,306,414	\$ 20,177,986	\$ 2,997,950	\$ 5,832,304	\$ 68,393,200	\$ 117,707,854
Restatement for implementation of GASB 84	4,298,504	-	-	122,592	-	4,421,096
Fund balance as of July 1, 2020, as restated	<u>\$ 24,604,918</u>	<u>\$ 20,177,986</u>	<u>\$ 2,997,950</u>	<u>\$ 5,954,896</u>	<u>\$ 68,393,200</u>	<u>\$ 122,128,950</u>

	Proprietary Funds					
	Food Service	Community Service	House Construction	Nonmajor Post-Secondary Bookstore	Enterprise Post-Secondary Child Care	Business-Type Activities - Enterprise Funds - Total
Net position as of July 1, 2020, as previously reported	\$ 7,026,496	\$ 1,005,794	\$ 161,043	\$ 1,933,997	\$ (53,223)	\$ 230,859
Restatement for implementation of GASB 84	123,964	27,660	-	37,872	6,622	-
Net position as of July 1, 2020, as restated	<u>\$ 7,150,460</u>	<u>\$ 1,033,454</u>	<u>\$ 161,043</u>	<u>\$ 1,971,869</u>	<u>\$ (46,601)</u>	<u>\$ 230,859</u>

	Fiduciary Funds—Custodial Funds			
	Flexible Spending Accounts	HEFA Fees	Other	Total Custodial Funds
Net position as of July 1, 2020, as previously reported	\$ -	\$ -	\$ -	\$ -
Restatement for implementation of GASB 84	476,087	-	10,370	486,457
Net position as of July 1, 2020, as restated	<u>\$ 476,087</u>	<u>\$ -</u>	<u>\$ 10,370</u>	<u>\$ 486,457</u>

Sioux Falls School District 49-5

**Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Taxes	\$ 73,536,442	\$ 73,536,442	\$ 73,653,428	\$ 116,986
Tuition and fees	368,473	369,870	420,188	50,318
Earnings on investments and deposits	250,000	250,000	135,399	(114,601)
Co-curricular activities	228,200	228,200	148,877	(79,323)
Other	1,560,000	4,360,089	7,521,644	3,161,555
Total local sources	75,943,115	78,744,601	81,879,536	3,134,935
Intermediate sources, county apportionment	1,021,296	1,021,296	771,731	(249,565)
State sources:				
Unrestricted grants in aid:				
State aid	83,304,835	83,304,835	81,646,380	(1,658,455)
State apportionment	2,244,000	2,244,000	2,243,324	(676)
Bank franchise taxes	3,063,886	3,063,886	5,452,232	2,388,346
Restricted grants in aid	4,184	4,184	260,156	255,972
Tuition	-	-	111,520	111,520
Other	-	735	735	-
Total state sources	88,616,905	88,617,640	89,714,347	1,096,707
Federal sources:				
Restricted grants in aid:				
Received directly from federal government	3,037,524	3,512,936	3,333,738	(179,198)
Received from federal government through the state	9,064,185	14,556,463	16,909,551	2,353,088
Other federal revenue	15,000	27,875	25,096	(2,779)
Total federal sources	12,116,709	18,097,274	20,268,385	2,171,111
Other	105,126	105,126	22,709	(82,417)
Total revenues	177,803,151	186,585,937	192,656,708	6,070,771
Expenditures:				
Instruction:				
Regular programs:				
Elementary programs	43,046,111	46,669,633	45,865,076	804,557
Middle school programs	23,954,110	24,483,414	24,031,985	451,429
High school programs	27,856,804	28,939,881	29,054,418	(114,537)
Total regular programs	94,857,025	100,092,928	98,951,479	1,141,449

(Continued)

Sioux Falls School District 49-5

**Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Special programs:				
Programs for the gifted and talented	\$ 793,698	\$ 801,706	\$ 733,646	\$ 68,060
Programs for the culturally different	5,351,541	5,459,781	5,686,843	(227,062)
Programs for the educationally deprived	4,225,639	4,340,836	4,287,667	53,169
Other	5,292,587	5,752,053	5,233,464	518,589
Total special programs	15,663,465	16,354,376	15,941,620	412,756
Total instruction	110,520,490	116,447,304	114,893,099	1,554,205
Support services:				
Pupils:				
Attendance and social work services	730,243	764,875	789,409	(24,534)
Guidance services	5,436,227	5,811,458	5,761,628	49,830
Health services	1,213,028	1,660,538	1,698,686	(38,148)
Total pupils	7,379,498	8,236,871	8,249,723	(12,852)
Instructional staff:				
Improvement of instructional services	6,332,435	6,581,814	6,113,567	468,247
Educational media services	3,752,828	3,762,427	3,912,545	(150,118)
Total instructional staff	10,085,263	10,344,241	10,026,112	318,129
General and administrative:				
Board of Education services	977,584	977,584	1,081,128	(103,544)
Executive administration services	1,914,692	1,941,391	2,106,680	(165,289)
Total general and administrative	2,892,276	2,918,975	3,187,808	(268,833)
School administration:				
Office of the principal services	12,948,121	13,187,498	13,105,407	82,091
Other	1,425,651	1,421,753	1,618,441	(196,688)
Total school administration	14,373,772	14,609,251	14,723,848	(114,597)
Business:				
Fiscal services	1,602,244	1,602,446	1,584,982	17,464
Operation and maintenance of plant	19,323,721	19,456,870	18,309,545	1,147,325
Pupil transportation services	5,491,693	5,582,264	5,689,143	(106,879)
Food services	271,432	456,890	768,507	(311,617)
Internal services	1,000	1,000	1,080	(80)
Total business	26,690,090	27,099,470	26,353,257	746,213

(Continued)

Sioux Falls School District 49-5

Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Central:				
Planning and research	\$ 799,015	\$ 799,015	\$ 712,336	\$ 86,679
Data processing services	3,547,316	4,030,322	3,255,572	774,750
Total central	4,346,331	4,829,337	3,967,908	861,429
Total support services	65,767,230	68,038,145	66,508,656	1,529,489
Community services:				
Nonpublic schools	97,279	210,225	219,808	(9,583)
Other	5,000	53,500	46,807	6,693
Total community services	102,279	263,725	266,615	(2,890)
Nonprogrammed charges:				
Unemployment payments	15,000	15,000	18,770	(3,770)
Early retirement payments	928,969	928,969	967,210	(38,241)
Total nonprogrammed charges	943,969	943,969	985,980	(42,011)
Co-curricular activities:				
Male activities	1,264,952	1,493,656	1,512,436	(18,780)
Female activities	1,033,377	1,147,855	1,094,543	53,312
Combined activities	899,763	1,589,937	2,127,091	(537,154)
Total co-curricular activities	3,198,092	4,231,448	4,734,070	(502,622)
Other	130,454	131,338	40,278	91,060
Total expenditures	180,662,514	190,055,929	187,428,698	2,627,231
Revenues over (under) expenditures	(2,859,363)	(3,469,992)	5,228,010	8,698,002
Other financing sources (uses):				
Transfers in	2,865,063	2,865,063	-	(2,865,063)
Total other financing sources	2,865,063	2,865,063	-	(2,865,063)
Net change in fund balances	5,700	(604,929)	5,228,010	5,832,939
Fund balance—beginning, as restated	24,604,918	24,604,918	24,604,918	-
Fund balance—ending	\$ 24,610,618	\$ 23,999,989	\$ 29,832,928	\$ 5,832,939

See notes to required supplementary information.

Sioux Falls School District 49-5

Budgetary Comparison Schedule
 Capital Outlay Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Taxes	\$ 32,185,471	\$ 32,185,471	\$ 32,829,407	\$ 643,936
Tuition and fees	40,572	40,572	40,371	(201)
Earnings on investments and deposits	130,000	130,000	43,409	(86,591)
Other	64,000	279,584	2,712,313	2,432,729
Total local sources	32,420,043	32,635,627	35,625,500	2,989,873
Federal sources:				
Restricted grants in aid:				
Received directly from federal government	-	25,211	192,332	167,121
Received from federal government through the state	-	4,247,831	8,921,828	4,673,997
Other federal revenue	374,638	374,638	314,188	(60,450)
Total federal sources	374,638	4,647,680	9,428,348	4,780,668
Total revenues	32,794,681	37,283,307	45,053,848	7,770,541
Expenditures:				
Instruction:				
Regular programs:				
Elementary programs	1,168,472	1,257,849	3,102,819	(1,844,970)
Middle school programs	847,868	945,178	1,041,182	(96,004)
High school programs	1,324,614	1,423,707	1,592,128	(168,421)
Total regular programs	3,340,954	3,626,734	5,736,129	(2,109,395)
Special programs:				
Programs for the mild disabilities	-	-	32,766	(32,766)
Programs for severe disabilities	-	11,322	34,762	(23,440)
Programs for the educationally deprived	-	-	78,240	(78,240)
Other	34,869	141,108	175,504	(34,396)
Total special programs	34,869	152,430	321,272	(168,842)
Total instruction	3,375,823	3,779,164	6,057,401	(2,278,237)
Support services:				
Pupils:				
Attendance and social work services	-	25,211	66,924	(41,713)
Guidance services	-	-	2,715	(2,715)
Health services	12,601	17,601	11,734	5,867
Total pupils	12,601	42,812	81,373	(38,561)

(Continued)

Sioux Falls School District 49-5

**Budgetary Comparison Schedule
Capital Outlay Fund
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Instructional staff:				
Improvement of instructional services	\$ -	\$ -	\$ 207,953	\$ (207,953)
Educational media services	9,225	9,225	3,290	5,935
Total instructional staff	9,225	9,225	211,243	(202,018)
School administration:				
Office of the principal services	52,598	61,301	64,515	(3,214)
Total school administration	52,598	61,301	178,829	(117,528)
Business:				
Fiscal services	28,143	88,143	105,787	(17,644)
Facilities acquisition	7,594,661	10,837,238	8,461,357	2,375,881
Operation and maintenance of plant	358,100	399,600	213,089	186,511
Pupil transportation services	17,000	52,000	72,715	(20,715)
Total business	7,997,904	11,376,981	8,852,948	2,524,033
Central:				
Planning and research	-	-	2,400	(2,400)
Central, data processing services	5,407,148	7,657,148	2,386,104	5,271,044
Total central	5,407,148	7,657,148	2,388,504	5,268,644
Total support services	13,479,476	19,147,467	11,712,897	7,434,570
Nonprogrammed charges, payments to other educational institutions				
	940,629	940,629	835,525	105,104
Total nonprogrammed charges	940,629	940,629	835,525	105,104
Debt service				
	12,805,985	12,805,985	12,805,984	1
Co-curricular activities:				
Male activities	96,500	112,874	110,347	2,527
Female activities	65,000	68,489	39,331	29,158
Combined activities	129,996	192,648	101,868	90,780
Total co-curricular activities	291,496	374,011	251,546	122,465
Total expenditures	30,893,409	37,047,256	31,663,353	5,383,903
Revenues over expenditures	1,901,272	236,051	13,390,495	13,154,444

(Continued)

Sioux Falls School District 49-5

**Budgetary Comparison Schedule
Capital Outlay Fund
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Transfers out	\$ (2,865,063)	\$ (2,865,063)	\$ -	\$ 2,865,063
Capital outlay certificates issued	-	10,000,000	10,000,000	-
Sale of surplus property	-	-	218	218
Payment to refunded debt escrow agency	-	(10,000,000)	(9,898,067)	101,933
Total other financing uses	(2,865,063)	(2,865,063)	102,151	2,967,214
Net change in fund balances	(963,791)	(2,629,012)	13,492,646	16,121,658
Fund balance—beginning	20,177,986	20,177,986	20,177,986	-
Fund balance—ending	\$ 19,214,195	\$ 17,548,974	\$ 33,670,632	\$ 16,121,658

See notes to required supplementary information.

Sioux Falls School District 49-5

Budgetary Comparison Schedule
 Special Education Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Taxes	\$ 21,397,999	\$ 21,397,999	\$ 21,794,918	\$ 396,919
Tuition and fees	117,000	117,000	72,882	(44,118)
Earnings on investments and deposits	65,000	65,000	11,141	(53,859)
Other	500,000	503,698	358,102	(145,596)
Total local sources	22,079,999	22,083,697	22,237,043	153,346
State sources:				
Restricted grants in aid	20,476,557	20,476,557	20,259,026	(217,531)
Tuition	10,000	10,000	10,500	500
Other	-	-	10,132	10,132
Total state sources	20,486,557	20,486,557	20,279,658	(206,899)
Federal sources, received from federal government through the state				
	5,257,000	5,373,227	6,343,707	970,480
Total revenues	47,823,556	47,943,481	48,860,408	916,927
Expenditures:				
Instruction:				
Special programs:				
Programs for mild disabilities	19,217,961	19,242,677	17,394,344	1,848,333
Programs for severe disabilities	8,537,074	8,642,212	8,680,674	(38,462)
Day programs	2,818,840	2,827,344	2,042,023	785,321
Homebound programs	-	-	90,958	(90,958)
Early childhood programs	1,681,628	1,710,493	1,718,407	(7,914)
Prolonged assistance programs	567,195	561,489	604,185	(42,696)
Other	356,549	356,549	248,376	108,173
Total special programs	33,179,247	33,340,764	30,778,967	2,561,797
Total instruction	33,179,247	33,340,764	30,778,967	2,561,797
Support services:				
Pupils:				
Health services	10,000	10,000	6,971	3,029
Psychological services	-	-	2,353	(2,353)
Speech pathology services	2,367,798	2,367,798	2,756,051	(388,253)
Student therapy services	2,316,026	2,316,026	2,199,352	116,674
Orientation and mobility services	133,067	133,067	136,155	(3,088)
Total pupils	4,826,891	4,826,891	5,100,882	(273,991)

(Continued)

Sioux Falls School District 49-5

**Budgetary Comparison Schedule
Special Education Fund
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Instructional staff, improvement of instructional services	\$ 8,130	\$ 8,130	\$ -	\$ 8,130
Special education:				
Administrative costs	2,279,714	2,279,714	2,948,585	(668,871)
Transportation costs	2,517,292	2,517,292	2,632,666	(115,374)
Other	4,163,838	4,163,769	3,121,279	1,042,490
Total special education	8,960,844	8,960,775	8,702,530	258,245
Total support services	13,795,865	13,795,796	13,803,412	(7,616)
Nonprogrammed charges, early retirement payments	175,000	175,000	274,376	(99,376)
Total expenditures	47,150,112	47,311,560	44,856,755	2,454,805
Revenues over (under) expenditures	673,444	631,921	4,003,653	3,371,732
Net change in fund balances	673,444	631,921	4,003,653	3,371,732
Fund balance—beginning	2,997,950	2,997,950	2,997,950	-
Fund balance—ending	\$ 3,671,394	\$ 3,629,871	\$ 7,001,603	\$ 3,371,732

See notes to required supplementary information.

Sioux Falls School District 49-5

Budgetary Comparison Schedule
 Post-Secondary Vocational Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Tuition and fees	\$ 13,109,956	\$ 13,109,956	\$ 12,960,832	\$ (149,124)
Earnings on investments and deposits	39,017	39,017	14,319	(24,698)
Co-curricular activities	685,000	685,000	531,199	(153,801)
Other	808,303	813,278	844,367	31,089
Total local sources	14,642,276	14,647,251	14,350,717	(296,534)
State sources:				
Restricted grants in aid	7,317,821	7,317,821	7,342,728	24,907
Other	714,304	714,304	298,620	(415,684)
Total state sources	8,032,125	8,032,125	7,641,348	(390,777)
Federal sources:				
Restricted grants in aid:				
Received from federal government through the state	1,047,142	1,047,142	2,642,064	1,594,922
Other federal revenue	366,177	366,177	410,891	44,714
Total federal sources	1,413,319	1,413,319	3,052,955	1,639,636
Total revenues	24,087,720	24,092,695	25,045,020	952,325
Expenditures:				
Instruction:				
Adult/continuing education programs:				
Adult basic education programs	323,406	323,406	237,027	86,379
Adult continuing education programs	69,115	69,115	41,685	27,430
Total adult/continuing education programs	392,521	392,521	278,712	113,809
Post-secondary occupational programs	11,016,507	11,021,482	11,036,752	(15,270)
Total instruction	11,409,028	11,414,003	11,315,464	98,539
Support services:				
Pupils, guidance services	952,531	952,531	958,893	(6,362)
Instructional staff, improvement of instructional services	1,113,134	1,113,134	1,214,151	(101,017)

(Continued)

Sioux Falls School District 49-5

**Budgetary Comparison Schedule
Post-Secondary Vocational Fund
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
General and administrative, board of education services	\$ 240,000	\$ 240,000	\$ 266,020	\$ (26,020)
School administration, other	3,862,084	3,862,084	3,634,028	228,056
Business:				
Fiscal services	909,521	909,521	1,009,809	(100,288)
Facilities acquisition	3,572,572	3,572,572	2,587,041	985,531
Operation and maintenance of plant	2,120,112	2,120,112	1,880,195	239,917
Other	114,600	114,600	37,517	77,083
Total business	6,716,805	6,716,805	5,514,562	1,202,243
Central, data processing services	1,665,498	1,665,498	1,836,341	(170,843)
Total support services	14,550,052	14,550,052	13,423,995	1,126,057
Nonprogrammed charges:				
Early retirement payments	70,122	70,122	70,122	-
Unemployment payments	-	-	4,060	(4,060)
Student financial aid	-	-	1,770,158	(1,770,158)
Total nonprogrammed charges	70,122	70,122	1,844,340	(1,774,218)
Co-curricular activities, combined activities	6,627	6,627	-	6,627
Total co-curricular activities	6,627	6,627	-	6,627
Total expenditures	26,035,829	26,040,804	26,583,799	(542,995)
Revenues over (under) expenditures	(1,948,109)	(1,948,109)	(1,538,779)	409,330
Other financing sources (uses):				
Transfers out	(124,000)	(124,000)	(124,000)	-
Total other financing sources (uses)	(124,000)	(124,000)	(124,000)	-
Net change in fund balances	(2,072,109)	(2,072,109)	(1,662,779)	409,330
Fund balance—beginning, as restated	5,954,896	5,954,896	5,954,896	-
Fund balance—ending	\$ 3,882,787	\$ 3,882,787	\$ 4,292,117	\$ 409,330

See notes to required supplementary information.

Sioux Falls School District 49-5

**Schedule of Changes in the District’s Net OPEB Liability and Related Ratios
Year Ended June 30, 2021**

	2018	2019	2020	2021
Total OPEB liability:				
Service cost	\$ 1,194,678	\$ 1,240,912	\$ 1,279,768	\$ 1,671,249
Interest	749,887	769,373	761,471	528,845
Changes of assumptions	(545,308)	719,881	650,487	108,006
Benefit payments	(717,703)	(972,656)	(813,640)	(1,006,133)
Net change in total OPEB liability	681,554	1,757,510	1,878,086	1,301,967
Total OPEB liability—beginning	18,444,199	19,125,853	20,883,363	22,761,449
Total OPEB liability—ending	\$ 19,125,753	\$ 20,883,363	\$ 22,761,449	\$ 24,063,416
Covered payroll	\$ 146,136,621	\$ 149,086,436	\$ 151,442,000	\$ 156,742,000
District’s total OPEB liability as a percentage of covered payroll	13.09%	14.01%	15.03%	15.35%

Notes to Schedule:

Changes of benefit terms and assumptions: As of June 30, 2021, the discount rate used in the actuarial calculation decreased from 2.21 percent as of June 30, 2020, to 2.16 percent as of June 30, 2021. All other benefit terms and assumptions remained the same.

Plan assets: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Note: GASB Statement No. 75 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Sioux Falls School District 49-5

Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)

South Dakota Retirement System

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
District's proportion of the net pension liability (asset)	7.082%	7.095%	6.987%	7.126%	7.225%	7.208%	7.094%
District's proportionate share of net pension liability (asset)	\$ (51,024,154)	\$ (30,092,793)	\$ 23,600,235	\$ (646,650)	\$ (168,498)	\$ (763,873)	\$ (308,079)
District's covered payroll (approximately)	\$ 123,553,000	\$ 129,193,000	\$ 132,577,000	\$ 144,439,000	\$ 149,876,000	\$ 152,783,000	\$ 155,059,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-41.30%	-23.29%	17.80%	-0.45%	-0.11%	-0.50%	-0.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.3%	104.1%	96.89%	100.1%	100.02%	100.09%	100.04%

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

Changes of assumptions: The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% 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%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Sioux Falls School District 49-5
Schedule of District Contributions
South Dakota Retirement System

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 6,731	\$ 6,814	\$ 7,431	\$ 7,773	\$ 7,970	\$ 8,689	\$ 9,014	\$ 9,195	\$ 9,333	\$ 9,594
Contributions in relation to the contractually required contribution	6,731	6,814	7,431	7,773	7,970	8,689	9,014	9,195	9,333	9,594
Contribution deficiency (excess)	\$ -									
District's covered payroll	\$ 111,865	\$ 113,340	\$ 123,553	\$ 129,193	\$ 132,577	\$ 144,439	\$ 149,876	\$ 152,783	\$ 155,059	\$ 159,469
Contributions as a percentage of covered payroll	6.02%	6.01%	6.01%	6.02%	6.01%	6.02%	6.01%	6.02%	6.02%	6.02%

Sioux Falls School District 49-5

Notes to Required Supplementary Information

Note 1. Budget Matters

The District's Board annually adopts a budget and approves the related appropriations for the general fund, special revenue funds and proprietary funds in accordance with provisions of South Dakota codified law. Budgets were also adopted for all capital projects funds. The appropriated budget amounts are, in all material respects, prepared on the same basis of accounting used to prepare the fund financial statements.

Legal spending control for District monies is at the fund level, but management control is exercised at the budgetary line item levels within each fund. Encumbrance accounting is used by the District during the year. Unexpended budgeted amounts lapse at the end of the budget year.

Note 2. Basis of Presentation

The budgetary comparison statements have been prepared on the modified accrual basis of accounting for the general fund and major special revenue funds. The statements present expenditures for capital outlay purposes within each function while the governmental funds' statement of revenues, expenditures, and changes in fund balances presents capital outlay expenditures as a separate function.

Sioux Falls School District 49-5

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021**

	Capital Projects Funds						Total Nonmajor Governmental Funds
	Debt Service Fund	Capital					
	Bond Redemption	Elementary Project	Improvement Plan Project	Hail Damage Project	Middle School Project	High School Project	
Assets							
Cash	\$ 427	\$ 497,243	\$ 3,492,014	\$ 425,291	\$ 8,524,122	\$ 9,212,958	\$ 22,152,055
Current taxes receivable, net	3,761,165	-	-	-	-	-	3,761,165
Delinquent taxes receivable, net	58,502	-	-	-	-	-	58,502
Total assets	\$ 3,820,094	\$ 497,243	\$ 3,492,014	\$ 425,291	\$ 8,524,122	\$ 9,212,958	\$ 25,971,722
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 853,413	\$ -	\$ 1,392,811	\$ 2,443,705	\$ 4,689,929
Due to other funds	151,237	-	-	-	-	-	151,237
Total liabilities	151,237	-	853,413	-	1,392,811	2,443,705	4,841,166
Deferred inflows of resources:							
Taxes levied for a future period	4,012,906	-	-	-	-	-	4,012,906
Unavailable revenue—property taxes	52,946	-	-	-	-	-	52,946
Total deferred inflows of resources	4,065,852	-	-	-	-	-	4,065,852
Fund balances:							
Restricted:							
Construction projects	-	497,243	2,638,601	-	7,131,311	6,769,253	17,036,408
Assigned:							
Hail damage project	-	-	-	425,291	-	-	425,291
Unassigned							
	(396,995)	-	-	-	-	-	(396,995)
Total fund balances	(396,995)	497,243	2,638,601	425,291	7,131,311	6,769,253	17,064,704
Total liabilities, deferred inflows of resources and fund balances	\$ 3,820,094	\$ 497,243	\$ 3,492,014	\$ 425,291	\$ 8,524,122	\$ 9,212,958	\$ 25,971,722

Sioux Falls School District 49-5

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2021

	Debt Service Fund	Capital Projects Funds					Total Nonmajor Governmental Funds
		Bond Redemption	Elementary Project	Capital Improvement Plan Project	Hail Damage Project	Middle School Project	
Revenues							
Local sources:							
Taxes	\$ 6,640,749	\$ -	\$ -	\$ -	\$ -	\$ -	6,640,749
Earnings on investments and deposits	373	1	53,296	-	142,530	400,255	596,455
Other	-	-	10,000	-	-	-	10,000
Total local sources	6,641,122	1	63,296	-	142,530	400,255	7,247,204
Total revenues	6,641,122	1	63,296	-	142,530	400,255	7,247,204
Expenditures							
Current:							
Business:							
Fiscal services	1,059,315	-	-	-	-	-	1,059,315
Facilities acquisition	-	-	-	-	2,223	16,916	19,139
Total business	1,059,315	-	-	-	2,223	16,916	1,078,454
Total support services	1,059,315	-	-	-	2,223	16,916	1,078,454
Interest	5,272,988	-	-	-	-	-	5,272,988
Total debt service	5,272,988	-	-	-	-	-	5,272,988
Capital outlay	-	-	4,872,532	-	18,767,287	29,647,905	53,287,724
Total expenditures	6,332,303	-	4,872,532	-	18,769,510	29,664,821	59,639,166
Revenues over (under) expenditures	308,819	1	(4,809,236)	-	(18,626,980)	(29,264,566)	(52,391,962)
Other financing sources (uses)							
General obligation bonds issued	159,060,000	-	-	-	-	-	159,060,000
Payment to refunded debt escrow agency	(157,996,534)	-	-	-	-	-	(157,996,534)
Total other financing sources (uses)	1,063,466	-	-	-	-	-	1,063,466
Net change in fund balances	1,372,285	1	(4,809,236)	-	(18,626,980)	(29,264,566)	(51,328,496)
Fund balance—beginning	(1,769,280)	497,242	7,447,837	425,291	25,758,291	36,033,819	68,393,200
Fund balance—ending	\$ (396,995)	\$ 497,243	\$ 2,638,601	\$ 425,291	\$ 7,131,311	\$ 6,769,253	\$ 17,064,704

Sioux Falls School District 49-5

Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2021

	Food Service	Community Services	House Construction	Post- Secondary Bookstore	Post- Secondary Child Care	Post- Secondary Food Services	Totals
Assets and Deferred Outflows of Resources							
Current assets:							
Cash	\$ 4,670,450	\$ 715,697	\$ 159,290	\$ 1,385,897	\$ 25,997	\$ 21,893	\$ 6,979,224
Accounts receivable	19	-	-	6,195	7,430	-	13,644
Due from other governments	717,826	1,144	-	-	-	4,386	723,356
Inventory and prepaid expenses	282,288	1,250	-	711,593	-	5,938	1,001,069
Total current assets	5,670,583	718,091	159,290	2,103,685	33,427	32,217	8,717,293
Noncurrent assets:							
Net pension asset	7,878	6,758	-	223	362	183	15,404
Capital assets:							
Buildings and improvements	5,864,828	-	-	23,720	-	-	5,888,548
Improvements other than building	-	-	-	-	6,866	-	6,866
Machinery and equipment-local funds	4,985,459	119,240	5,000	283,836	10,303	205,760	5,609,598
Machinery and equipment—federal assistance	3,375	-	-	-	-	-	3,375
Less accumulated depreciation	(7,995,257)	(55,387)	(5,000)	(266,985)	(15,612)	(109,284)	(8,447,525)
Total capital assets (net of accumulated depreciation)	2,858,405	63,853	-	40,571	1,557	96,476	3,060,862
Total noncurrent assets	2,866,283	70,611	-	40,794	1,919	96,659	3,076,266
Total assets	8,536,866	788,702	159,290	2,144,479	35,346	128,876	11,793,559
Deferred outflows of resources							
Other postemployment benefits-related deferred outflows	70,140	54,357	-	1,696	2,765	1,146	130,104
Pension-related deferred outflows	1,289,823	1,010,369	-	33,886	68,534	75,147	2,477,759
Total deferred outflows of resources	1,359,963	1,064,726	-	35,582	71,299	76,293	2,607,863
Total assets and deferred outflows of resources	\$ 9,896,829	\$ 1,853,428	\$ 159,290	\$ 2,180,061	\$ 106,645	\$ 205,169	\$ 14,401,422
Liabilities, Deferred Inflows of Resources and Net Position							
Current liabilities:							
Accounts payable	\$ 144,803	\$ 35,295	\$ -	\$ 37,444	\$ 155	\$ 3,281	\$ 220,978
Accrued wages and related benefits payable	372,077	694,393	-	22,024	13,337	13,096	1,114,927
Due to other funds	-	-	-	-	88,450	-	88,450
Unearned revenue and deposits	609,823	9,160	-	-	-	-	618,983
Total current liabilities	1,126,703	738,848	-	59,468	101,942	16,377	2,043,338
Noncurrent liabilities, total OPEB obligation							
Total noncurrent liabilities	332,487	271,672	-	8,384	15,060	6,356	633,959
Total liabilities	1,459,190	1,010,520	-	67,852	117,002	22,733	2,677,297
Deferred inflows of resources:							
OPEB-related deferred inflows	46,980	36,757	-	1,158	1,885	829	87,609
Pension-related deferred inflows	1,084,302	850,824	-	26,475	45,008	19,442	2,026,051
Total deferred inflows of resources	1,131,282	887,581	-	27,633	46,893	20,271	2,113,660
Net position:							
Investment in capital assets	2,858,405	63,853	-	40,571	1,557	96,476	3,060,862
Restricted for SDRS pension	213,399	166,303	-	7,634	23,888	55,888	467,112
Unrestricted	4,234,553	(274,829)	159,290	2,036,371	(82,695)	9,801	6,082,491
Total net position	7,306,357	(44,673)	159,290	2,084,576	(57,250)	162,165	9,610,465
Total liabilities, deferred inflows of resources and net position	\$ 9,896,829	\$ 1,853,428	\$ 159,290	\$ 2,180,061	\$ 106,645	\$ 205,169	\$ 14,401,422

Sioux Falls School District 49-5

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Nonmajor Enterprise Funds Year Ended June 30, 2021

	Food Service	Community Services	House Construction	Post- Secondary Bookstore	Post- Secondary Child Care	Post- Secondary Food Services	Totals
Operating revenue:							
Food sales	\$ 474,923	\$ -	\$ -	\$ -	\$ -	\$ 170,863	\$ 645,786
Tuition	-	3,728,612	-	-	-	-	3,728,612
Bookstore sales	-	-	-	1,531,153	-	-	1,531,153
Other	136,006	1,768,954	-	33,147	191,204	-	2,129,311
Total operating revenue	610,929	5,497,566	-	1,564,300	191,204	170,863	8,034,862
Operating expenses:							
Salaries	4,548,561	4,580,042	-	141,595	175,826	133,066	9,579,090
Employee benefits	1,537,186	1,110,526	-	39,690	61,357	31,093	2,779,852
Purchased services	391,178	240,387	753	20,109	53	9,877	662,357
Supplies	278,199	416,463	-	-	5,417	113,597	813,676
Cost of sales—purchases	3,898,458	-	-	1,177,941	-	-	5,076,399
Cost of sales—donated food	1,181,490	-	-	-	-	-	1,181,490
Miscellaneous	224,999	70,338	-	79,617	2,642	7,331	384,927
Pension expense	392,629	296,255	-	9,298	15,209	7,423	720,814
Depreciation—local funds	344,162	11,502	1,000	10,372	343	22,170	389,549
Total operating expenses	12,796,862	6,725,513	1,753	1,478,622	260,847	324,557	21,588,154
Operating income (loss)	(12,185,933)	(1,227,947)	(1,753)	85,678	(69,643)	(153,694)	(13,553,292)
Nonoperating revenues (expenses):							
Local sources:							
Investment earnings	1,419	-	-	-	-	-	1,419
State sources:							
Other state revenue	39,554	-	-	-	2,654	-	42,208
Federal sources:							
Grants	10,793,616	-	-	-	-	-	10,793,616
Donated commodities	961,741	-	-	-	-	-	961,741
Restricted grants in aid	-	149,820	-	-	-	-	149,820
Other federal revenue	545,500	-	-	-	17,340	-	562,840
Total nonoperating revenues	12,341,830	149,820	-	-	19,994	-	12,511,644
Income (loss) before transfers	155,897	(1,078,127)	(1,753)	85,678	(49,649)	(153,694)	(1,041,648)
Donated capital assets							
	-	-	-	27,029	-	-	27,029
Transfers in							
	-	-	-	-	39,000	85,000	124,000
Total contributions and transfers	-	-	-	27,029	39,000	85,000	151,029
Change in net position	155,897	(1,078,127)	(1,753)	112,707	(10,649)	(68,694)	(890,619)
Net position—beginning, as restated							
	7,150,460	1,033,454	161,043	1,971,869	(46,601)	230,859	10,501,084
Net position—ending	\$ 7,306,357	\$ (44,673)	\$ 159,290	\$ 2,084,576	\$ (57,250)	\$ 162,165	\$ 9,610,465

Sioux Falls School District 49-5

Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Group Health Insurance	Reprographics	Totals
Assets			
Current assets:			
Cash	\$ 15,461,504	\$ 852,778	\$ 16,314,282
Accounts receivable	1,036,442	-	1,036,442
Due from other governments	-	120	120
Total current assets	<u>16,497,946</u>	<u>852,898</u>	<u>17,350,844</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment-local funds	-	269,859	269,859
Less accumulated depreciation	-	(225,482)	(225,482)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>44,377</u>	<u>44,377</u>
Total assets	<u>\$ 16,497,946</u>	<u>\$ 897,275</u>	<u>\$ 17,395,221</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 89,788	\$ (2,522)	\$ 87,266
Accrued wages and related benefits payable	-	3,410	3,410
Incurred but not reported claims	3,200,000	-	3,200,000
Total current liabilities	<u>3,289,788</u>	<u>888</u>	<u>3,290,676</u>
Total liabilities	<u>3,289,788</u>	<u>888</u>	<u>3,290,676</u>
Net position:			
Net investment in capital assets	-	44,377	44,377
Unrestricted	13,208,158	852,010	14,060,168
Total net position	<u>13,208,158</u>	<u>896,387</u>	<u>14,104,545</u>
Total liabilities and net position	<u>\$ 16,497,946</u>	<u>\$ 897,275</u>	<u>\$ 17,395,221</u>

Sioux Falls School District 49-5

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2021

	Group Health Insurance	Reprographics	Totals
Operating revenue:			
Charges equivalent to insurance premiums	\$ 38,865,832	\$ -	\$ 38,865,832
Other	158,319	807,837	966,156
Total operating revenue	39,024,151	807,837	39,831,988
Operating expenses:			
Salaries	-	113,204	113,204
Employee benefits	-	21,285	21,285
Purchased services	3,513,610	407,131	3,920,741
Supplies	42,827	29,535	72,362
Insurance claims	37,157,781	-	37,157,781
Miscellaneous	152,711	-	152,711
Depreciation—local funds	-	27,485	27,485
Total operating expenses	40,866,929	598,640	41,465,569
Operating income (loss)	(1,842,778)	209,197	(1,633,581)
Nonoperating revenues (expenses):			
Local sources, investment earnings	27,592	-	27,592
Total nonoperating revenues (expenses)	27,592	-	27,592
Change in net position	(1,815,186)	209,197	(1,605,989)
Net position—beginning	15,023,344	687,190	15,710,534
Net position—ending	\$ 13,208,158	\$ 896,387	\$ 14,104,545

Sioux Falls School District 49-5

**Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021**

	Flexible Spending Accounts	HEFA Fees	Other	Total Custodial Funds
Assets				
Cash	\$ 250,313	\$ 75,677	\$ 34,473	\$ 360,463
Due from other funds	227,415	-	-	227,415
Total assets	\$ 477,728	\$ 75,677	\$ 34,473	\$ 587,878
Liabilities and Net Position				
Due to local governments	\$ -	\$ 75,677	\$ -	\$ 75,677
Due to other funds	-	-	16,344	16,344
Total liabilities	\$ -	\$ 75,677	\$ 16,344	\$ 92,021
Net Position:				
Restricted for individuals and organizations	477,728	-	18,129	495,857
Total net position	477,728	-	18,129	495,857
Total liabilities and net position	\$ 477,728	\$ 75,677	\$ 34,473	\$ 587,878

Sioux Falls School District 49-5

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2021**

	Flexible Spending Accounts	HEFA Fees	Other	Total Custodial Funds
Additions:				
Fees collected for other government	\$ -	\$ 1,954,617	\$ -	\$ 1,954,617
Employee contributions	1,353,749	-	-	1,353,749
Other	-	-	20,021	20,021
Total additions	\$ 1,353,749	\$ 1,954,617	\$ 20,021	\$ 3,328,387
Deductions:				
Payment of fees to other government	\$ -	\$ 1,954,617	\$ -	\$ 1,954,617
Payments to employees	1,352,108	-	-	1,352,108
Other	-	-	12,262	12,262
Total deductions	\$ 1,352,108	\$ 1,954,617	\$ 12,262	\$ 3,318,987
Net increase (decrease) in fiduciary net position	\$ 1,641	\$ -	\$ 7,759	\$ 9,400
Net position, beginning, as restated	476,087	-	10,370	486,457
Net position, ending	\$ 477,728	\$ -	\$ 18,129	\$ 495,857

Sioux Falls School District 49-5

Schedule of Expenditures by Object
 General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget— Positive (Negative)
	Original	Final		
Salaries:				
Regular:				
Administrative, central	\$ 3,119,719	\$ 3,119,719	\$ 3,230,711	\$ (110,992)
Administrative, building	6,862,640	6,924,712	6,950,598	(25,886)
Clerical	4,642,343	4,678,975	4,862,134	(183,159)
Custodial and maintenance	7,817,598	7,817,598	7,183,112	634,486
Custodial manager	968,240	968,240	981,812	(13,572)
Technical/specialist	2,392,002	2,491,002	2,732,965	(241,963)
Instructional	82,117,653	84,455,155	82,436,968	2,018,187
Executive clerical	187,827	187,827	190,944	(3,117)
Employment contract	3,032,424	3,390,485	3,721,824	(331,339)
Education assistant	1,804,684	1,855,010	1,569,292	285,718
Total regular salaries	112,945,130	115,888,723	113,860,360	2,028,363
Temporary:				
Administrative	10,724	71,224	73,961	(2,737)
Clerical	-	3,000	62,449	(59,449)
Custodial and maintenance	97,836	97,836	62,372	35,464
Substitute teachers	2,354,795	3,352,062	2,977,611	374,451
Other	282,184	610,492	747,601	(137,109)
Total temporary salaries	2,745,539	4,134,614	3,923,994	210,620
Early retirement payments	928,969	928,969	967,210	(38,241)
Total salaries	116,619,638	120,952,306	118,751,564	2,200,742
Employee benefits:				
Retirement:				
South Dakota Retirement System	6,654,270	6,857,577	6,857,163	414
Social Security	8,115,320	8,423,183	8,331,841	91,342
Total retirement benefits	14,769,590	15,280,760	15,189,004	91,756

(Continued)

Sioux Falls School District 49-5

Schedule of Expenditures by Object
 General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget— Positive (Negative)
	Original	Final		
Insurance:				
Long-term disability	\$ 32,703	\$ 32,912	\$ 28,929	\$ 3,983
Workers' compensation	816,909	818,153	496,805	321,348
Hospital/medical	21,109,821	21,538,950	21,120,930	418,020
Dental	1,452,649	1,479,295	1,410,199	69,096
Administrator life	3,433	3,433	3,256	177
Basic life	10,909	11,088	12,696	(1,608)
Total insurance benefits	23,426,424	23,883,831	23,072,815	811,016
Total employee benefits	38,196,014	39,164,591	38,261,819	902,772
Purchased services:				
Professional	4,085,591	4,772,219	5,031,269	(259,050)
Property	573,024	600,184	768,925	(168,741)
Transportation and travel	7,005,263	6,895,623	6,120,666	774,957
Communication	329,150	335,448	346,324	(10,876)
Advertising	66,230	92,929	66,597	26,332
Printing and publishing	844,418	889,872	848,912	40,960
Tuition	930	930	1,995	(1,065)
Utilities	3,864,298	3,864,298	3,562,956	301,342
Repair and maintenance	1,379,693	1,516,998	1,158,453	358,545
Total purchased services	18,148,597	18,968,501	17,906,097	1,062,404
Supplies and materials:				
Supplies	4,265,743	6,984,543	6,678,771	305,772
Textbooks	1,842,810	1,847,110	2,833,213	(986,103)
Library books	257,645	263,717	217,227	46,490
Periodicals	56,029	57,548	37,480	20,068
Online databases	209,560	211,164	720,187	(509,023)
Food	83,853	465,051	782,106	(317,055)
Noncapitalized equipment	97,010	93,814	128,577	(34,763)
Total supplies and materials	6,812,650	9,922,947	11,397,561	(1,474,614)
Other:				
Dues and fees	198,133	359,802	509,620	(149,818)
Insurance and judgments	380,027	380,027	286,436	93,591
Miscellaneous	307,455	307,755	315,601	(7,846)
Total other	885,615	1,047,584	1,111,657	(64,073)
Total expenditures	\$ 180,662,514	\$ 190,055,929	\$ 187,428,698	\$ 2,627,231

Sioux Falls School District 49-5

Schedule of Expenditures by Object
 Capital Outlay Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget— Positive (Negative)
	Original	Final		
Purchased services:				
Professional	\$ 350,685	\$ 398,685	\$ 301,312	\$ 97,373
Total purchased services	350,685	398,685	301,312	97,373
Capital acquisitions:				
Land	100,000	160,000	342,291	(182,291)
Buildings and improvements	5,910,378	8,810,408	7,052,506	1,757,902
Land improvements	1,240,785	1,569,662	877,932	691,730
New equipment	720,690	3,476,214	3,433,591	42,623
Vehicles	91,000	91,000	-	91,000
Replacement equipment	8,718,257	8,779,673	5,960,412	2,819,261
Total capital acquisitions	16,781,110	22,886,957	17,666,732	5,220,225
Other:				
Redemption of principal	8,660,000	8,660,000	8,660,000	-
Interest	4,145,985	4,145,985	4,145,984	1
Dues and fees	15,000	15,000	53,800	(38,800)
Miscellaneous	940,629	13,805,692	10,733,592	3,072,100
Total other	13,761,614	26,626,677	23,593,376	3,033,301
Total expenditures	\$ 30,893,409	\$ 49,912,319	\$ 41,561,420	\$ 8,350,899

Sioux Falls School District 49-5

Schedule of Expenditures by Object
 Special Education Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget—
	Original	Final		Positive (Negative)
Salaries:				
Regular:				
Administrative, central	\$ 984,347	\$ 984,347	\$ 1,015,330	\$ (30,983)
Administrative, building	73,640	73,640	73,882	(242)
Clerical	358,400	358,400	333,535	24,865
Technical/specialist	2,170,052	2,194,505	2,264,535	(70,030)
Instructional	15,911,280	15,961,169	15,359,725	601,444
Executive clerical	44,013	44,013	44,815	(802)
Employment contract	2,914,092	2,914,092	2,942,874	(28,782)
Education assistant	6,413,455	6,413,455	5,836,972	576,483
Total regular salaries	28,869,279	28,943,621	27,871,668	1,071,953
Temporary:				
Administrative	32,517	32,517	34,433	(1,916)
Clerical	-	-	4,703	(4,703)
Substitute teachers	465,003	465,003	615,123	(150,120)
Other	48,845	48,845	7,106	41,739
Total temporary salaries	546,365	546,365	661,365	(115,000)
Early retirement payments	175,000	175,000	274,336	(99,336)
Total salaries	29,590,644	29,664,986	28,807,369	857,617
Employee benefits:				
Retirement:				
South Dakota Retirement System	1,708,297	1,712,659	1,654,382	58,277
Social Security	2,063,232	2,068,449	1,986,254	82,195
Total retirement benefits	3,771,529	3,781,108	3,640,636	140,472
Insurance:				
Long-term disability	8,423	8,423	5,853	2,570
Workers' compensation	209,588	209,588	151,362	58,226
Hospital/medical	5,449,601	5,461,072	5,476,603	(15,531)
Dental	375,248	376,139	386,274	(10,135)
Administrator life	343	343	350	(7)
Basic life	2,806	2,821	3,552	(731)
Total insurance benefits	6,046,009	6,058,386	6,023,994	34,392
Total employee benefits	9,817,538	9,839,494	9,664,630	174,864

(Continued)

Sioux Falls School District 49-5

Schedule of Expenditures by Object
 Special Education Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget—
	Original	Final		Positive (Negative)
Purchased services:				
Professional	\$ 1,641,775	\$ 1,657,775	\$ 1,400,071	\$ 257,704
Property	67,500	67,500	64,545	2,955
Transportation and travel	2,582,874	2,583,124	2,628,202	(45,078)
Communication	1,200	1,200	8,591	(7,391)
Printing and publishing	1,000	1,000	29,805	(28,805)
Tuition	2,259,207	2,259,207	1,518,781	740,426
Utilities	-	-	1,291	(1,291)
Repair and maintenance	211,000	211,000	1,306	209,694
Total purchased services	6,764,556	6,780,806	5,652,592	1,128,214
Supplies and materials:				
Supplies	765,893	813,213	268,454	544,759
Textbooks	65,300	64,920	313,640	(248,720)
Library books	11,260	11,260	2,681	8,579
Periodicals	2,200	2,200	16,179	(13,979)
Online databases	-	1,450	4,332	(2,882)
Food	11,569	11,569	8,653	2,916
Noncapitalized equipment	1,950	2,460	38,347	(35,887)
Total supplies and materials	858,172	907,072	652,286	254,786
Capital acquisitions, new equipment	70,000	70,000	39,141	30,859
Other:				
Dues and fees	16,552	16,552	15,982	570
Insurance and judgments	25,000	25,000	22,146	2,854
Miscellaneous	7,650	7,650	2,609	5,041
Total other	49,202	49,202	40,737	8,465
Total expenditures	\$ 47,150,112	\$ 47,311,560	\$ 44,856,755	\$ 2,454,805

Sioux Falls School District 49-5

Schedule of Expenditures by Object
 Post-Secondary Vocational Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget—
	Original	Final		Positive (Negative)
Salaries:				
Regular:				
Administrative, central	\$ 989,736	\$ 989,736	\$ 977,183	\$ 12,553
Clerical	288,655	288,655	297,222	(8,567)
Custodial and maintenance	641,421	641,421	608,285	33,136
Custodial manager	114,891	114,891	117,765	(2,874)
Technical/specialist	573,968	573,968	592,909	(18,941)
Instructional	6,184,376	6,184,376	6,527,266	(342,890)
Employment contract	2,691,717	2,691,717	2,665,021	26,696
Total regular salaries	11,484,764	11,484,764	11,785,651	(300,887)
Temporary:				
Substitute teachers	12,000	12,000	7,684	4,316
Other	225,340	225,340	272,240	(46,900)
Total temporary salaries	237,340	237,340	279,924	(42,584)
Early retirement payments	70,122	70,122	70,122	-
Total salaries	11,792,226	11,792,226	12,135,697	(343,471)
Employee benefits:				
Retirement:				
South Dakota Retirement System	653,466	653,466	632,623	20,843
Social Security	839,624	839,624	871,132	(31,508)
Total retirement benefits	1,493,090	1,493,090	1,503,755	(10,665)
Insurance:				
Long-term disability	3,588	3,588	3,298	290
Workers' compensation	83,859	83,859	46,688	37,171
Hospital/medical	1,948,097	1,948,097	1,736,744	211,353
Dental	116,129	116,129	113,678	2,451
Administrator life	360	360	372	(12)
Basic life	1,052	1,052	1,089	(37)
Total insurance benefits	2,153,085	2,153,085	1,901,869	251,216
Total employee benefits	3,646,175	3,646,175	3,405,624	240,551

(Continued)

Sioux Falls School District 49-5

Schedule of Expenditures by Object
 Post-Secondary Vocational Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget— Positive (Negative)
	Original	Final		
Purchased services:				
Professional	\$ 914,600	\$ 916,001	\$ 836,232	\$ 79,769
Property	255,100	255,100	199,520	55,580
Transportation and travel	159,900	159,900	55,850	104,050
Communication	106,074	106,074	163,993	(57,919)
Advertising	380,800	380,800	377,593	3,207
Printing and publishing	108,000	108,000	96,631	11,369
Utilities	557,000	557,000	528,298	28,702
Repair and maintenance	614,150	614,150	800,272	(186,122)
Total purchased services	3,095,624	3,097,025	3,058,389	38,636
Supplies and materials:				
Supplies	1,844,100	1,846,758	1,678,011	168,747
Library books	4,900	4,900	747	4,153
Periodicals	350	350	412	(62)
Food	88,880	88,880	36,326	52,554
Noncapitalized equipment	221,215	221,811	383,342	(161,531)
Total supplies and materials	2,159,445	2,162,699	2,098,838	63,861
Capital acquisitions:				
Buildings and improvements	2,525,493	2,525,493	2,222,580	302,913
Land improvements	1,235,519	1,235,519	317,892	917,627
New equipment	886,297	886,297	729,687	156,610
Total capital acquisitions	4,647,309	4,647,309	3,270,159	1,377,150
Other:				
Dues and fees	326,850	327,170	405,985	(78,815)
Insurance and judgments	100,000	100,000	104,318	(4,318)
Miscellaneous	192,200	192,200	1,942,012	(1,749,812)
Bad-debt expense	200,000	200,000	286,777	(86,777)
Total other	819,050	819,370	2,739,092	(1,919,722)
Total expenditures	\$ 26,159,829	\$ 26,164,804	\$ 26,707,799	\$ (542,995)

Sioux Falls School District 49-5

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture:				
Pass-Through the S.D. Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program (Note B)	N/A	10.553	\$ 810,640	\$ -
National School Lunch Program, including commodities of \$961,741 (Note B)	N/A	10.555	5,321,249	-
Emergency Operating Reimbursement (COVID-19)	N/A	10.555	545,500	-
Total assistance listing number 10.555			<u>5,866,749</u>	-
Summer Food Service Program for Children (Note B)	N/A	10.559	5,614,522	-
Total child nutrition cluster			<u>12,291,911</u>	-
Child and Adult Care Food Program (Note B)	N/A	10.558	8,945	-
Fresh Fruit and Vegetable Program	N/A	10.582	461,664	-
Total U.S. Department of Agriculture			<u>12,762,520</u>	-
U.S. Department of Defense:				
Pass-Through the S.D. Department of Military and Veterans' Affairs:				
National Guard ChalleNGe Program—Starbased Program	N/A	12.404	13,187	-
U.S. Department of the Interior:				
Direct Federal Funding:				
Indian Education Assistance to Schools—Johnson O'Malley (Note B)	N/A	15.130	11,909	-
U.S. Department of Treasury:				
Pass-Through the S.D. Department of Education:				
Coronavirus Relief Fund (COVID-19)	N/A	21.019	12,016,547	-
National Endowment for the Arts:				
Pass-Through the S.D. Department of Education:				
Promotion of the Arts_Partnership Agreements	N/A	45.025	600	-
Department of Veterans Affairs:				
Direct Federal Funding:				
Post-9/11 Veterans Educational Assistance	N/A	64.028	3,104	-

(Continued)

Sioux Falls School District 49-5

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education:				
Direct Federal Funding:				
Student Financial Assistance Program Cluster:				
Federal Supplemental Educational Opportunity Grants	N/A	84.007	\$ 99,332	\$ -
Federal Work-Study Program	N/A	84.033	43,716	-
Federal Pell Grant Program	N/A	84.063	3,070,118	-
Federal Direct Student Loans (Note C)	N/A	84.268	8,427,955	-
Total student financial assistance cluster			<u>11,641,121</u>	<u>-</u>
Indian Education—Grants to Local Educational Agencies	N/A	84.060	335,003	-
Pass-Through the S.D. Department of Labor:				
Adult Education—Basic Grants to States	N/A	84.002	147,073	-
Pass-Through the S.D. Department of Education:				
Title I Grants to Local Educational Agencies	S010A200041	84.010	5,929,604	-
Migrant Education—State Grant Program	S011A200042	84.011	463,436	-
Special Education Cluster (IDEA):				
Special Education—Grants to States (Note B)	H027A200091	84.027	6,161,643	-
Special Education—Preschool Grants	H173A200091	84.173	266,810	-
Total special education cluster			<u>6,428,453</u>	<u>-</u>
Special Education—Grants for Infants & Families	N/A	84.181	1,263	-
Career and Technical Education—Basic Grants to States	V048A200041	84.048	1,041,775	-
Rehabilitation Services - Vocational Rehabilitation Grant	N/A	84.126	99,856	-
Education for Homeless Children and Youth	S196A200043	84.196	79,501	-
Title III, English Language Acquisition State Grants	S365A200041	84.365	336,998	-
Title II, Part A—Supporting Effective Instruction State Grants	S367A200039	84.367	1,055,401	-
Title I, School Improvement Grants	S377A200042	84.377	182,082	-
Title IV, Student Support & Academic Enrichment Program	S424A200043	84.424	597,246	-
Pass-Through the S.D. Department of Education:				
Education Stabilization Fund—Elementary and Secondary				
School Emergency Relief (COVID-19)	S425D200050	84.425D	4,234,634	-
Direct Federal Funding:				
Education Stabilization Fund—Coronavirus Aid, Relief, and Economic Security Act and Coronavirus Response and Relief Supplemental Appropriations Act (COVID-19) - Student Aid Portion				
	N/A	84.425E	1,770,158	-
Education Stabilization Fund—Coronavirus Aid, Relief, and Economic Security Act (COVID-19) - Institutional Portion				
	N/A	84.425F	340,087	-
Total education stabilization fund			<u>6,344,879</u>	<u>-</u>
Total U.S. Department of Education			<u>34,683,691</u>	<u>-</u>

(Continued)

Sioux Falls School District 49-5

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services:				
Direct Federal Funding:				
Head Start Cluster	N/A	93.600	\$ 3,183,074	\$ -
Pass-Through the S.D. Department of Social Services:				
Childcare & Development Fund Cluster	N/A	93.575	167,160	-
Pass-Through the S.D. Department of Human Services:				
Grants to States for Operation of State Offices of Rural Health	N/A	93.913	6,000	-
Pass-Through the S.D. Department of Education:				
Substance Abuse and Mental Health Services	H79SM080962	93.243	102,295	-
Pass-Through Lutheran Social Services:				
Refugee and Entrant Assistance_Discretionary Grants	2101SDRSOC	93.576	44,603	-
Total U.S. Department of Health and Human Services			<u>3,503,132</u>	-
Total federal financial assistance			<u>\$ 62,994,690</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards.

Sioux Falls School District 49-5

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Note A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note B. Reporting

Certain federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported are based upon reimbursements rather than specific expenditures.

Note C. Federal Direct Student Loan Programs

During the fiscal year ended June 30, 2021, the District issued new loans to students under the Federal Direct Student Loan Program (FDLP). The loan program includes Stafford Loans, unsubsidized Stafford Loans and PLUS Program Loans for graduate and professional students. The value of loans issued for the FDLP is based on disbursed amounts. The loan amounts issued during the year are disclosed on the schedule. The District is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the District's basic financial statements.

Note D. Summary of Significant Accounting Policies

Expenditures reported on the schedule are generally reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note E. Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

School Board
Sioux Falls School District 49-5

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Sioux Falls School District 49-5 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated March 28, 2022. Our report includes an emphasis of matter paragraph due to a restatement related to the adoption of Governmental Accounting Standards Board Statement No. 84 *Fiduciary Activities*. Our report includes a reference to other auditors who audited the financial statements of Southeast Technical Institute Housing Foundation, a discretely presented component unit, as described in our report on the Sioux Falls School District 49-5 financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

RSM US LLP

Sioux Falls, South Dakota
March 28, 2022



RSM US LLP

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

School Board
Sioux Falls School District 49-5

Report on Compliance for Each Major Federal Program

We have audited the Sioux Falls School District 49-5's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on Education Stabilization Fund

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the reporting requirements regarding the Education Stabilization Fund (federal assistance listing number 84.425) as described in finding number 2021-002. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Education Stabilization Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund (federal assistance listing number 84.425) for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its 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, 2021.

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 2021-003, 2021-004, and 2021-005. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a material weakness.

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 2021-003, 2021-004, and 2021-005 to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the 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.

RSM US LLP

Sioux Falls, South Dakota
March 28, 2022

Sioux Falls School District 49-5

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified X Yes No
- Significant deficiency(ies) identified Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified X Yes No
- Significant deficiency(ies) identified X Yes None reported

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

Federal Agency and Name of Federal Program or Cluster	Type of Opinion on Major Program
Department of Treasury, Coronavirus Relief Fund	Unmodified
Department of Education, Title I Grants to Local Educations Agencies	Unmodified
Department of Education, Special Education Cluster	Unmodified
Department of Education, Education Stabilization Fund	Qualified
<ul style="list-style-type: none"> • Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? <u> X </u> Yes <u> </u> No 	

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund (COVID-19)
84.010	Title I Grants to Local Educations Agencies
84.027	Special Education Cluster (IDEA)
84.173	Special Education – Grants to States
	Special Education – Preschool Grants
84.425D	Education Stabilization Fund (COVID-19)
84.425E	Education Stabilization Fund – ESSER
84.425F	Education Stabilization Fund – Student Aid Portion
	Education Stabilization Fund – Institutional Portion

Dollar threshold used to distinguish between type A and type B programs: \$1,889,841

Auditee qualified as low-risk auditee? Yes X No

(Continued)

Sioux Falls School District 49-5

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

II. Financial Statement Findings

A. Material Weakness in Internal Control Over Financial Reporting

Finding 2021-001: Controls over Accounts Payable

Condition: Audit adjustments to the District's financial statements were required to properly report accounts payable and the related expenditures. In addition, an uncorrected misstatement was identified related to accounts payable and expenditures.

Criteria: In accordance with Governmental Accounting Standards Board Interpretation No. 6, governmental fund liabilities and expenditures should generally be accrued, unless there is an applicable accrual modification. In addition, *Government Auditing Standards* require auditors to report as findings any material weaknesses in internal control over financial reporting that the auditor identified based upon the audit work performed.

Effect: Accounts payable in the Capital Outlay Fund and Post Secondary Vocational Fund were initially overstated by \$606,480 and \$63,024, respectively, in the Fund Financial Statements and by \$669,504 in the Government-Wide Financial statements as of June 30, 2021. In addition, an uncorrected misstatement was identified to increase accounts payable and the related expenditures in the General Fund by \$197,680 as of June 30, 2021.

Cause: The internal controls related to the review of accounts payable balances were not designed and/or implemented properly to detect material misstatements in the financial statements.

Recommendation: Internal controls over the review of accounts payable should be enhanced to ensure that such amounts are properly recorded within the District's financial statements.

Views of responsible officials: We agree with the finding and recommendation.

Sioux Falls School District 49-5

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

III. Findings and Questioned Costs for Federal Awards

Finding 2021-002: U.S. Department of Education: Education Stabilization Fund: Student Aid Portion —84.425E; Institutional Portion —84.425F

Criteria: Education Stabilization Fund, U.S Department of Education, and the related subsequently issued reporting guidance require certain prescribed information be included in the timely filing of an annual report, as well as the timely filing of quarterly reports for both the Student Aid Portion and Institutional Portions of the award.

Condition: Southeast Technical College did not timely post the required Quarterly Public Reporting for Institutional Portion reports or the Quarterly Public Reporting for Student Aid Portion reports.

Cause: Inadequate review controls were implemented to ensure compliance with the Education Stabilization Fund reporting requirements.

Effect: Failure to comply with federal reporting standards could ultimately result in ineligibility for Southeast Technical College to receive federal funds if failure to comply was determined to be severe.

Questioned Costs: None.

Repeat finding: No.

Context: Eight of the nine tested reports were not posted or were not posted timely.

Recommendation: Review controls should be established for Education Stabilization Fund reporting requirements to ensure compliance with the related federal award agreements.

Views of responsible officials: We agree with the finding and recommendation.

Sioux Falls School District 49-5

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

III. Findings and Questioned Costs for Federal Awards (continued)

Finding 2021-003: U.S. Department of Education, passed through the S.D. Department of Education: Education Stabilization Fund: ESSER - 84.425D

Criteria: 2 CFR 200.430 (i) requires that personnel services charged to a federal award must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable and properly allocated. In addition, the Uniform Guidance requires that the documentation must reasonably reflect the total activity for which the employee is compensated and support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award.

Condition: Payroll charges for one of the 12 tested employees charged to the ESSER Program were not supported by the required payroll documentation for amounts charged to federal awards, such as semi-annual certifications or monthly personnel activity reports.

Cause: The District's policies and procedures to obtain the required payroll documentation, such as semi-annual certification or personnel activity reports, from all employees whose time is charged to federal awards are not being consistently followed or enforced.

Effect: As a result of insufficient payroll documentation from this employee, it is possible that the employee's costs could be improperly charged and reimbursed by the award. Failure to comply with federal requirements could ultimately result in ineligibility to receive federal grant funds or amounts to be disallowed for the ESSER Program.

Questioned Costs: Questioned costs of \$4,290 were noted from a sample of ESSER payroll expenditures totaling \$43,231. The estimated amount of likely questioned costs is \$43,806, based on the payroll expense for the employee that did not have the required payroll documentation available for the periods tested. The total population of the ESSER payroll expenditures was \$2,044,821, and the total population of the ESSER Program expenditures is \$4,234,634.

Repeat finding: No.

Recommendation: Procedures should be implemented and enforced to ensure that the required payroll documentation, such as semi-annual certifications or personnel activity reports, is obtained from all employees working on a single cost objective and employees working on multiple cost objectives that are charged to federal awards.

Views of responsible officials: We agree with the finding and recommendation.

Sioux Falls School District 49-5

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

III. Findings and Questioned Costs for Federal Awards (continued)

Finding 2021-004: U.S. Department of Education: Education Stabilization Fund: Institutional Portion —84.425F

Criteria: Uniform Guidance §200.318 states “The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law... The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.” Uniform Guidance § 200.320 (b) states that “Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.” The District’s procurement policy states “For purchases of \$1,000 or more per item, but less than the amount required by statute for competitive bidding, the purchasing supervisor, or designee, shall obtain competitive quotations from at least three vendors unless there are not three vendors who can supply the product or service.”

Condition: For one expenditure transaction selected for testing, procurement documentation was not available to support that the required number of quotes were obtained, as required by Uniform Guidance §200.318 and §200.320 and the District’s procurement policy.

Cause: The District’s policies and procedures to document the business rationale of procurements are not being consistently followed or enforced.

Effect: As a result of not maintaining complete documentation for procurement of this contract, the District is not in compliance with the District’s procurement policy or Uniform Guidance §200.318 and §200.320.

Questioned Costs: None.

Repeat Finding: No.

Context: One of the 16 transactions tested did not meet the procurement requirements, as documentation was not available to support that three quotes from competitors had been obtained per the small purchase acquisition requirements.

Recommendation: Procurement controls should be enhanced to ensure adequate supporting documentation is obtained and maintained in accordance with Uniform Guidance and the District’s procurement policy.

Views of responsible officials: We agree with the finding and recommendation.

Sioux Falls School District 49-5

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

III. Findings and Questioned Costs for Federal Awards (continued)

Finding 2021-005: U.S. Department of Education: Education Stabilization Fund: Institutional Portion —84.425F

Criteria: Non Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR Section 180.215.

Condition: For three vendors with expenditures charged to the Education Stabilization Fund program, documentation was not available to support that the District had verified that these vendors were not suspended or debarred.

Cause: The District’s controls and policies that require documentation of the procedures performed to verify that vendors are not suspended or debarred are not consistently enforced or followed.

Effect: As a result of not maintaining documentation to support that vendor suspension and debarment verification procedures had been completed, the District could have utilized suspended or debarred vendors, which would result in noncompliance with the requirements of 2 CFR Section 180.215.

Questioned Costs: None.

Repeat Finding: No.

Context: For the three Education Stabilization Fund vendors subject to suspension and debarment requirements, there was no documentation available to support that a verification had been completed to confirm that the vendors were not suspended or debarred.

Recommendation: Procurement controls should be enhanced to ensure that adequate documentation is maintained to verify that vendors with expenditures charged to federal awards are not suspended or debarred.

Views of responsible officials: We agree with the finding and recommendation.



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Carly R. Reiter, Member

Dr. Jane Stavem, Superintendent

Summary Schedule of Prior Audit Findings

Identifying Number: 2020-001

Audit Finding: Audit adjustments were required to the District's financial statements to properly report interfund cash, receivables and payables, and fund balance.

Corrective Action Taken: The first stated effect was that cash and payroll-related liability amounts that were reported in the Payroll Withholding Fund (an Agency Fund) understated such amounts in the fund financial statements and the government-wide financial statements by a total of \$6.6 million as of June 30, 2020. It has been past practice for many years that the reclassification of payroll-related liabilities out of the Payroll Withholding Fund (PWF) and back into the individual funds was an adjustment passed by the auditors and included on the passed adjustment schedule. It was our understanding that this would continue. However, with the implementation of the new finance software system, the June 30 payroll-related liabilities were all transferred to the PWF during the payroll interface process, as opposed to a check being written to the PWF subsequent to year end, resulting in significantly higher balances in the PWF at June 30, 2020 than in previous years. Because of this, the auditors could no longer pass on the adjustment, requiring the District to post the reclassification. We do not believe this rises to the level of a Material Weakness in Internal Control. The corrective action is that we created a reclassification journal entry for posting to the audited financial statements.

The second stated effect was that certain accounts within the PWF have not been reconciled on a timely basis. We agree that the accounts related to medical insurance premiums, dental insurance premiums, and life insurance premiums have not been reconciled on a timely basis. This is due to the complexity of the reconciliations, the implementation of the new finance system, and personnel absences for maternity leave and long-term medical leaves. However, estimated payments and/or invoice payments have been made on all three premiums. Therefore, the balances in the PWF are materially correct. We do not believe this results in a Material Weakness in Internal Control. The corrective action is that payroll personnel have made progress on getting caught up and are continuing to work on getting caught up on reconciling these accounts to the detail payroll deduction registers.

The third stated effect was that the fund balance restricted for debt service was initially understated by \$1.8 million. This relates to the current negative fund balance in the Bond Redemption Fund. It was our understanding that fund balances of special revenue funds, such as the Bond Redemption Fund, were to be reported as restricted for the purposes of the particular fund. However, the auditors brought to our attention that a negative fund balance should be reported in the financial statements as "unassigned" rather than "restricted". We do not believe this constitutes a Material Weakness in Internal Control. The corrective action is that future negative fund balances are being reported as "unassigned" rather than "restricted".



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CORRECTIVE ACTION PLAN YEAR ENDED 6/30/21

Identifying Number: 2021-001: Controls over Accounts Payable

Finding: Audit adjustments to the District's financial statements were required to properly report accounts payable and the related expenditures. In addition, an uncorrected misstatement was identified related to accounts payable and expenditures.

Corrective Action Taken or Planned:

This relates to purchase order invoices received after year end and the process of determining the proper fiscal year in which to record the purchase. This determination has typically been made by accounts payable personnel with no systematic supervisory review.

The corrective action will be that the Comptroller will review the batch reports and supporting documentation for purchase order invoices received after year end while the previous year accounts payable remain open.

Contact person: Kenneth W Mosser, Comptroller

Status of finding – The above corrective action will be implemented beginning 07/01/2022.



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CORRECTIVE ACTION PLAN YEAR ENDED 6/30/21 (Continued)

Identifying Number: 2021-002: U.S. Department of Education: Education Stabilization Fund: Student Aid Portion – 84.425E; Institutional Portion – 84.425F

Finding: Southeast Technical College did not timely post the required Quarterly Public Reporting for Student Aid Portion reports or the Quarterly Public Reporting for Institutional Portion reports.

Corrective Action Taken or Planned:

This relates to the reporting requirements of funds received under the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan (ARP) legislation, more commonly referred to as Higher Education Emergency Relief Funds I, II, and III. The legislation included reporting requirements for both the Institutional portion and Student Aid portions of the federal awards.

Institutional reports are to be filed with the US Department of Education (USDOE) on forms prescribed by the Department indicating expenditures in eligible categories for the covered quarter. A standardized reporting document was not established for the Student Aid Distributions; however, distribution amounts, determination methodologies, and eligibility requirements are to be reported in a conspicuous location on the Institute of Higher Education's website.

Institutional reports have been completed. Required expenditure information was reported on the quarterly report associated with the actual draw down of the federal funds from the USDOE grants management system (G5) and not when the actual expenditures were incurred. The basis for reporting the expenditures in this manner was derived from an incorrect interpretation of a Technical Assistance Webinar related to Quarterly Reporting requirements and guidance contained in correspondence received from the USDOE Program Contact.

The Student Aid portion of the federal award has been distributed in multiple awards corresponding to specific periods of student enrollment (i.e., Spring 2020, Fall 2020, Spring 2021, Fall 2021). Reporting for the Spring 2020 and Fall 2020 distribution periods have been posted to Southeast Technical College's website for the Spring/Fall 2020 distribution.

Additional corrective actions will include the College compiling the Student Award information for the remaining distributions for publication on the website as required under the various HEERF guidelines and legislation. Reporting deadlines will be confirmed and posted to staff calendars to ensure timely review and filing of all reports. Future reports will be posted on a timely basis following supervisory review by the Vice President of Finance and Operations, Southeast Technical College.

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

Status of finding – The above corrective actions will be implemented beginning April 1, 2022.



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CORRECTIVE ACTION PLAN YEAR ENDED 6/30/21 (Continued)

Identifying Number: 2021-003: U.S. Department of Education, passed through the S.D. Department of Education: Education Stabilization Fund: ESSER – 84.425D

Finding: Payroll charges for one of the 12 tested employees charged to the ESSER Program were not supported by the required payroll documentation for amounts charged to federal awards, such as semi-annual certifications or monthly personnel activity reports.

Corrective Action Taken or Planned: The identified employee began the 2020-21 school year as a substitute nurse paid hourly with ESSER funds through a timesheet. This employee was hired with ESSER funds as a float nurse shortly after the beginning of the school year. This change was missed when considering time and effort documentation. The Sioux Falls School District will continue to implement and enforce procedures to ensure that the required payroll documentation is obtained from all employees working on a single cost objective and multiple cost objectives that are charged to federal awards.

Contact person: Dr. Kirk Zeeck, Director – Federal Programs and World Language

Status of finding – The above corrective action was implemented immediately upon notification.



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CORRECTIVE ACTION PLAN YEAR ENDED 6/30/21 (Continued)

Identifying Number: 2021-004: U.S. Department of Education: Education Stabilization Fund:
Institutional Portion – 84.425F

Finding: For one expenditure transaction selected for testing, procurement documentation was not available to support that the required number of quotes was obtained, as required by Uniform Guidance and the District's procurement policy.

Corrective Action Taken or Planned:

This relates to a contracted purchase of software the Student Success Collaborative software platform provided by EAB Global, Inc. Contract 21-012 was approved by the Sioux Falls School Board on May 26, 2021.

Southeast Technical College operates in a decentralized purchasing environment with administrative review and approval being conducted at the departmental level with limited system-level review by staff experienced in federal acquisition under the Uniform Guidance in 2CFR200.

The corrective action plan will include the acquisition of a database license and training resources focused on managing Federal Grants for colleges. Existing District procurement policies will be reviewed, revised, and updated to reflect current requirements under the Uniform Guidance. Compliance trainings will be conducted on a regular and ongoing basis for all staff involved in procurement activities that are funded from local and/or federal sources.

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

Status of finding – The above corrective action will be implemented beginning April 1, 2022 and will be ongoing throughout the fiscal year.



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CORRECTIVE ACTION PLAN YEAR ENDED 6/30/21 (Continued)

Identifying Number: 2021-005: U.S. Department of Education: Education Stabilization Fund:
Institutional Portion – 84.425F

Finding: For three vendors with expenditures charged to the Education Stabilization Fund program, documentation was not available to support that the District had verified that these vendors were not suspended or debarred.

Corrective Action Taken or Planned:

This relates to the Entity Exclusion (Suspension/Debarment) list maintained on the federal SAM.GOV website. Access to the website and specifically the Entity search functions is limited to authorized/registered users.

The corrective action plan will include the designation of a Southeast Technical College employee with SAM.GOV access that will be the initial point of contact for vendor exclusion information for all Southeast Technical College employees. Additionally, the designated employee will periodically download, and post debarment lists to the Southeast Technical College internal website (myTech) that will be available to all employees purchasing goods/services that would be charged to federal programs.

Additional corrective actions will include a review of existing Southeast Technical College procurement policies contained within Section D: Fiscal Management. Policies will be reviewed/revised to expand and reflect current federal procurement requirements under 2CRF200. Revised policies, debarment lists, and training will be provided to all employees on a periodic and ongoing basis.

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

Status of finding – The above corrective action will be implemented beginning April 1, 2022 and will be ongoing throughout the fiscal year.