



Financial Statements
June 30, 2024

South Dakota Public Broadcasting

Board of Directors Listing..... 1

Independent Auditor’s Report..... 2

Management’s Discussion and Analysis 6

Financial Statements

 Statement of Net Position..... 12

 Statement of Activities..... 13

 Balance Sheet – Governmental Fund..... 14

 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position..... 15

 Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund..... 16

 Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund
 Balances to the Statement of Activities 17

 Notes to Financial Statements 18

Required Supplementary Information

 Schedule of the Proportionate Share of the Net Pension Liability (Asset)..... 45

 Schedule of Contributions – South Dakota Retirement System 46

 Notes to Required Supplementary Information 47

Other Information

 Combining Schedule – Statement of Net Position Information..... 49

 Combining Schedule – Statements of Revenue, Expenses and Changes in Net Position Information..... 50

 Notes to Other Supplementary Information 51

Additional Reports

 Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and
 Other Matters Based on an Audit of Financial Statements Performed in Accordance with
 Government Auditing Standards..... 52

Schedule of Findings 54

Name	Position
Kay Jorgensen	Chairman
Doyle Estes	Council Member
Jerry Oster	Council Member
Vacant	Council Member - from July 1, 2023 through September 30, 2023
Erika Tordsen	Council Member - from October 1, 2023 through June 30, 2024
Julie Ashworth	Council Member
David Landry	Council Member
Jeff Clines	BIT Commissioner
Shuree Mortenson	Board of Regents
Julie Overgaard	Executive Director



Independent Auditor's Report

South Dakota Board of Directors for
Educational Telecommunications
South Dakota Public Broadcasting
Vermillion, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, and the major fund of South Dakota Public Broadcasting (the "Organization") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the discretely presented component unit, and the major fund of South Dakota Public Broadcasting as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only South Dakota Public Broadcasting and do not purport to, and do not present fairly, the financial position of the State of South Dakota as of June 30, 2024, and the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis; schedule of the proportionate share of the net pension liability (asset); and schedule of contributions – South Dakota Retirement System as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the board of directors listing, combining schedule – statement of net position information, and combining schedule – statements of revenue, expenses and changes in net position information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

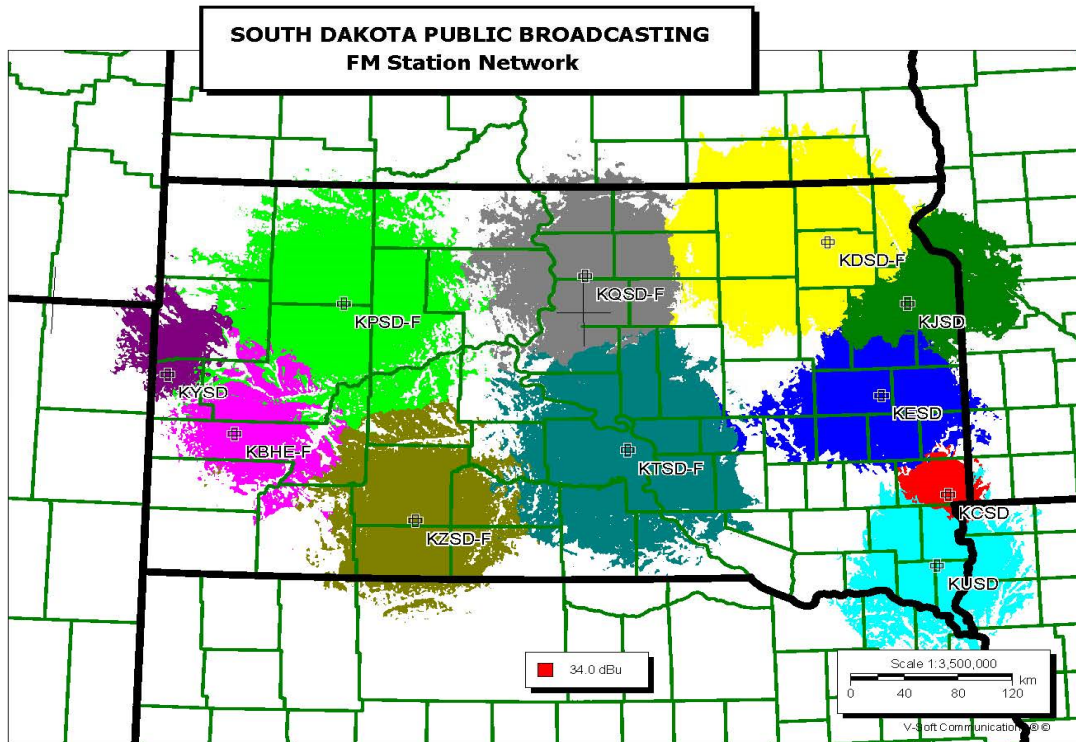
In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
December 6, 2024



SDPB serves over 90% of the State of South Dakota and serves approximately 382,000 households across the State with Public TV (SDPTV) and Radio (SPPR) programming. Membership for FY2024 was 13,558. Local television production hours produced/hours aired were 659 (including repeats). SDPB TV local productions in FY 2024 included revamped versions of SD Focus and Dakota Life, SDHSAA High School Gymnastics, Soccer, Cheer & Dance, Football, Volleyball, Wrestling, All-State Chorus, and Orchestra and Jazz Band; SD High School Rodeo Championships; documentaries Speechless, Oyate Woyaka: The People Speak, Tatanka: A Way of Life, Badger Clark: Poet Among the Pines, Every Single Note, A Musical Journey with the National Music Museum, Cultivating Creativity. TV Broadcast the South Dakota House of Representatives and Senate live; and the annual Custer State Park Buffalo Roundup. Radio local programming included the documentary Black Hills in the Balance and the Short Walk podcast. In The Moment, daily legislative updates during session, Jazz Nightly, music from the SD Symphony, and Levitt at the Falls concert series.

The financial statements present the financial information for SDPB (the primary governmental public broadcasting entity) and its component unit, the Friends of South Dakota Public Broadcasting (a not-for-profit organization which solicits funds to be used to support program production and broadcasting of public broadcasting in the State of South Dakota). The financial information of the Friends of Public Broadcasting can be obtained by contacting the offices of the South Dakota Public Broadcasting at Vermillion, South Dakota or by calling (605) 677-5861.

The financial statements of SDPB consist of the Statement of Net Position, the Statement of Activities, the Balance Sheet, the Reconciliation of the Governmental Fund, and the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities. These statements are prepared in conformity with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Statement 34 requires the classification of net position into three categories – net investment in capital assets, restricted, and unrestricted. The Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Net Position to the Statement of Activities shows the sources and uses of cash from operations, cash flows from non-capital financing activities, cash flows from capital and related financing activities.

Financial Highlights – Governmental Activities

The total net position of South Dakota Public Broadcasting (SDPB) was \$2,991,455 for the year ended June 30, 2024 (FY2024) and \$3,335,990 for the year ended June 30, 2023 (FY2023). SDPB's net position decreased by 10% from FY2023 to FY2024. This change is attributed to increases in agency-wide salaries and capital expenditures for the tower installation in Mitchell, SD.

Statement of Net Position June 30, 2024 and 2023

	2024	2023	Percentage Change
Assets			
Current assets	\$ 909,609	\$ 2,064,245	-55.9%
Noncurrent assets	4,541,605	3,678,756	23.5%
Total assets	5,451,214	5,743,001	-5.1%
Deferred Outflows of Resources	1,129,321	1,238,598	-8.8%
Liabilities			
Current liabilities	1,058,406	1,219,690	-13.2%
Long-term liabilities	422,870	405,609	4.3%
Total liabilities	1,481,276	1,625,299	-8.9%
Deferred Inflows of Resources	2,107,804	2,020,310	4.3%
Net Position			
Net investment in capital assets	3,142,698	3,399,026	-7.5%
Restricted for SDRS pension	498,394	522,212	-4.6%
Unrestricted	(649,637)	(585,248)	11.0%
Total net position	\$ 2,991,455	\$ 3,335,990	-10.3%

SDPB's operating revenues increased by 24.9% from FY2023 to FY2024. Appropriations from the State of South Dakota increased \$695,850 to account for 71% of the increase in salaries with the remaining funding provided by operating grants from Friends of SDPB and the Corporation for Public Broadcasting which saw relatively flat increases. This is attributed to annual merit and market salary and an increase for in-kind expenditures incurred by Friends of SDPB. Overall expenses increased by 18.9% from FY2023 to FY2024. SDPB expenditures increased by \$970,000 for agency-wide salary increases to remain competitive within the employment market.

Statement of Activities
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>Percentage Change</u>
Revenues			
Program revenues			
Operating grants and contributions	\$ 5,095,314	\$ 3,604,439	41.4%
General revenues			
Appropriations from the State of South Dakota	5,579,449	4,883,599	14.2%
Tower rental income	260,357	261,106	-0.3%
Other general revenues	<u>248,033</u>	<u>206,569</u>	20.1%
Total revenues	<u>11,183,153</u>	<u>8,955,713</u>	24.9%
Expenses			
Programming and production - TV	3,320,478	2,522,336	31.6%
Programming and production - Radio	1,868,886	1,712,247	9.1%
Engineering - TV	3,304,777	3,032,323	9.0%
Engineering - Radio	553,870	99,800	455.0%
Marketing - TV	992,394	487,974	13.5%
Marketing - Radio	373,339	700,371	41.7%
Management and general - TV	385,761	247,053	51.1%
Management and general - Radio	150,106	234,839	64.3%
Depreciation/amortization - unallocated	<u>567,910</u>	<u>650,563</u>	-12.7%
Total expenses	<u>11,517,521</u>	<u>9,687,506</u>	18.9%
Loss on Disposal of Capital Assets	<u>(10,167)</u>	<u>-</u>	-100.0%
Change in Net Position	<u>\$ (344,535)</u>	<u>\$ (731,793)</u>	-52.9%

Financial Highlights – General Fund

The following schedule presents a summary of General Fund revenues.

	<u>2024</u>	<u>2023</u>	<u>Percentage Change</u>
Revenues			
Appropriation from the State of South Dakota	\$ 5,579,449	\$ 4,883,599	14.2%
Contributions from Friends	1,350,000	1,432,372	-5.8%
Donated services and equipment	1,506,231	175,730	757.1%
Community service grants from Corporation for Public Broadcasting	2,197,764	1,979,837	11.0%
Leases (as lessor)	260,357	261,106	-0.3%
Other	307,950	256,123	20.2%
Total revenues	<u>\$ 11,201,751</u>	<u>\$ 8,988,767</u>	24.6%

Total General Fund revenue increased by 24.6% from the previous year. Appropriations from the State of South Dakota increased by 14.2% for annual merit and market salary increases. Donated services and equipment increased for in-kind contributions incurred by Friends on behalf of SDPB. This accounts for staffing, magazine costs, facility and occupancy costs, purchase of a tower in Mitchell, SD, and other contractual costs for educational and sports productions.

The following schedule presents a summary of General Fund expenditures.

	<u>2024</u>	<u>2023</u>	<u>Percentage Change</u>
Expenditures			
TV programming and production	\$ 3,311,193	\$ 2,569,608	28.9%
Radio programming and production	1,848,595	1,791,321	3.2%
Engineering	3,281,245	3,159,574	3.9%
Radio engineering	554,467	435,345	27.4%
Network marketing	980,744	721,767	35.9%
Radio marketing	368,346	256,219	43.8%
Management and general	392,503	250,949	56.4%
Radio management	137,238	90,054	52.4%
Capital outlay	314,496	329,028	-4.4%
Total expenditures	<u>\$ 11,188,827</u>	<u>\$ 9,603,865</u>	16.5%

Total General Fund expenditures increased by 16.5% from the previous year. Overall, expenditures increased due to increases in agency-wide salaries to remain competitive within the employment market. Additionally, SDPB's financials in FY 2024 reflect \$1,324,000 in in-kind expenditures for staffing, facilities, magazine costs, and the purchase of a tower located in Mitchell, SD.

Other Significant Matters

In FY 2024, SDPB had total membership contributions of \$2,157,000 up from FY 2023 by \$85,000. Corporate Support sales increased \$70,000, or 6%, over FY 2023. Friends of SDPB contributed direct and in-kind support of \$2,675,000 to SDPB.

In FY 2022, SDPB was awarded a new radio broadcast license for the City of Mitchell, SD, and surrounding areas. SDPB currently does not have a strong signal in the area. SDPB has successfully fundraised \$227,000 in support of a new station in this area. In FY 2024, SDPB purchased a tower in Mitchell and started construction on the building. This project is anticipated to be completed in January 2025. The total project is anticipated to be approximately \$525,000.

In FY 2024, SDPB completed the renovation of their Black Hills Studio location. This renovation added 2,400 in additional square footage for studio production space and office space. The total cost of the renovation was \$405,000. Of this total, \$240,000 has been fundraised through donor directed support as of June 30, 2024.

In FY 2024, SDPB saw the continuation of the successful new formats in local TV production programs Dakota Life and SD Focus. The Community Conversations and Premieres of the nine chosen communities continue to draw ever larger local audiences, with over 100 people attending Premieres in Madison and Webster. Timberlake, a town of 500, had an audience of 70 residents. Digital stories from various communities were combined into seven Dakota Life Detours specials that aired throughout the season. The FY24 SD Focus season was a collaborative effort between our Journalism and Education Departments and focused on the state of the child in South Dakota from birth through graduation. The season opened and closed with Town Hall meetings streamed from our Sioux Falls and Black Hills Studios. It attracted early learning specialists, educators, child-care providers, economic development specialists, and legislators. It was an impactful season, resulting in more extensive conversations among South Dakotans about the great need for childcare solutions for our workforce.

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of SDPB's finances and to account for the funding it receives. It is also intended to help the reader better understand the changes in the financial statement format. Additional details can be requested by mail at the following address:

South Dakota Public Broadcasting
PO Box 5000
Vermillion, SD 57069-5000

South Dakota Public Broadcasting
Statement of Net Position
June 30, 2024

	Primary Government	Component Unit
	Governmental Activities	Friends of Public Broadcasting
Assets		
Current Assets		
Cash and cash equivalents	\$ 511,206	\$ 194,348
Restricted cash	-	66,908
Investments	-	8,210,854
Leases receivable	205,646	-
Other receivables, net	33,876	407,470
Prepaid items	146,025	20,476
Net pension asset	12,856	-
Total current assets	909,609	8,900,056
Noncurrent Assets		
Leases receivable	1,331,425	-
Capital Assets		
Land	111,305	-
Construction in progress	226,032	-
Buildings	1,516,656	-
Machinery and equipment	22,365,942	877,935
Right-to-use lease asset	88,315	2,224,256
Less: accumulated depreciation/amortization	(21,098,070)	(259,864)
Net capital assets	3,210,180	2,842,327
Total noncurrent assets	4,541,605	2,842,327
Total assets	5,451,214	11,742,383
Deferred Outflows of Resources		
Pension plans	1,129,321	-
Liabilities		
Current Liabilities		
Accounts payable and other current liabilities	618,097	185,406
Current portion of long term liabilities	440,309	264,408
Total current liabilities	1,058,406	449,814
Long-Term Liabilities		
Accrued compensated absences	795,697	-
Note payable	-	270,000
Lease liability	67,482	2,279,538
Less: current portion	(440,309)	(264,408)
Total long-term liabilities	422,870	2,285,130
Total liabilities	1,481,276	2,734,944
Deferred Inflows of Resources		
Lease related	1,464,021	-
Pension plans	643,783	-
Total deferred inflows of resources	2,107,804	-
Net Position		
Net investment in capital assets	3,142,698	-
Restricted for SDRS pension	498,394	-
Restricted for Foundations	-	4,804,974
Unrestricted	(649,637)	4,202,465
Total net position	\$ 2,991,455	\$ 9,007,439

The notes to financial statements are an integral part of this statement

South Dakota Public Broadcasting
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Friends of Public Broadcasting
Primary Government:					
Governmental activities:					
Programming and production - TV	\$ 3,320,478	\$ 3,194,598	\$ -	\$ (125,880)	\$ -
Programming and production - Radio	1,868,886	939,288	-	(929,598)	-
Engineering - TV	3,304,777	115,589	-	(3,189,188)	-
Engineering - Radio	553,870	38,529	175,761	(339,580)	-
Marketing - TV	992,394	298,201	-	(694,193)	-
Marketing - Radio	373,339	127,801	-	(245,538)	-
Management and general - TV	385,761	155,009	-	(230,752)	-
Management and general - Radio	150,106	50,538	-	(99,568)	-
Depreciation/amortization - unallocated	567,910	-	-	(567,910)	-
Total primary government	<u>\$ 11,517,521</u>	<u>\$ 4,919,553</u>	<u>\$ 175,761</u>	<u>(6,422,207)</u>	<u>-</u>
Component Unit					
Friends of Public Broadcasting	<u>\$ 4,825,582</u>	<u>\$ 4,136,201</u>	<u>\$ -</u>		<u>(689,381)</u>
General revenues					
Appropriations from the State of South Dakota				5,579,449	-
Tower rental income				260,357	-
Other general revenues				248,033	906,761
Loss on disposal of capital assets				(10,167)	-
Total general revenues				<u>6,077,672</u>	<u>906,761</u>
Change in net position				(344,535)	217,380
Net position - beginning				<u>3,335,990</u>	<u>8,790,059</u>
Net position - ending				<u>\$ 2,991,455</u>	<u>\$ 9,007,439</u>

South Dakota Public Broadcasting
Balance Sheet – Governmental Fund
June 30, 2024

	General Fund
Assets	
Cash and cash equivalents	\$ 511,206
Prepaid items	146,025
Lease receivable	1,537,071
Accounts receivable	33,876
Total assets	\$ 2,228,178
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities	
Accounts payable	\$ 284,837
Salaries and benefits payable	333,260
Total liabilities	618,097
Deferred Inflows of Resources	
Lease related	1,464,021
Fund Balance	
Nonspendable	146,025
Unassigned	35
Total fund balance	146,060
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,228,178

South Dakota Public Broadcasting
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
 June 30, 2024

Total Fund Balances - Governmental Funds	\$	146,060
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds		12,856
Pension related deferred outflows are components of pension asset and therefore are not reported in the funds		1,129,321
Pension related deferred inflows are components of pension asset and therefore are not reported in the funds		(643,783)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
The cost of the assets are:	\$ 24,308,250	
The accumulated depreciation/amortization is:	<u>21,098,070</u>	3,210,180
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The long-term liabilities at year end include compensated absences and lease liability		<u>(863,179)</u>
Net Position of Governmental Activities	\$	<u><u>2,991,455</u></u>

South Dakota Public Broadcasting
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund
Year Ended June 30, 2024

	General Fund
Revenues	
Appropriation from the State of South Dakota	\$ 5,579,449
Contributions from Friends	1,350,000
Donated services and equipment from Friend	1,506,231
Community service grants from Corporation for Public Broadcasting	2,197,764
Leases (as lessor)	260,357
Other	307,950
	<u>11,201,751</u>
Total revenues	
Expenditures	
TV programming and production	3,311,193
Radio programming and production	1,848,595
Engineering	3,281,245
Radio engineering	554,467
Network marketing	980,744
Radio marketing	368,346
Management and general	392,503
Radio management	137,238
Capital outlay	314,496
	<u>11,188,827</u>
Total expenditures	
Excess of Revenues Over Expenditures	12,924
Other Financing Uses	
Transfers out to State of South Dakota General Funds	(18,598)
	<u>(18,598)</u>
Net Change in Fund Balance	(5,674)
Fund Balance, Beginning of Year	151,734
	<u>151,734</u>
Fund Balance, End of Year	\$ 146,060
	<u>146,060</u>

South Dakota Public Broadcasting
 Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and
 Changes in Fund Balances to the Statement of Activities
 Year Ended June 30, 2024

Net Change in Fund Balances - Governmental Funds \$ (5,674)

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

Capital outlays are reported as expenditures in governmental funds. However, in the
 statement of activities the cost of capital assets is allocated over their estimated
 useful lives as depreciation/amortization expense.

Capital outlay	\$ 314,496	
Depreciation/amortization expense	(567,910)	(253,414)

The net effect of the disposal of capital assets is to decrease
 net position. (10,167)

In the statement of activities compensated absences are measured by the amounts
 earned and paid during the year. In the governmental funds, however, expenditures
 for these items are measured by the amount of financial resources used. (58,715)

Changes in the pension related deferred outflows/inflows are direct components of
 pension liability (asset) and are not reflected in the governmental funds. (23,818)

The issuance of long-term debt provides current resources to governmental funds,
 while the repayment of principal of long-term debt consumes the current financial
 resources of governmental funds. Neither transaction, however, has any effect
 on net position. This amount is the net effect of these differences in the treatment
 of long-term debt and related items. 7,253

Change in Net Position of Governmental Activities \$ (344,535)

Note 1 - Significant Accounting Policies**Financial Reporting Entity**

South Dakota Board of Directors for Educational Telecommunications (“South Dakota Public Broadcasting”) is an agency of the South Dakota Bureau of Information and Telecommunications and a special revenue fund of the State of South Dakota reporting entity. The agency was formed by a consolidation of South Dakota Educational Television, KESD-TV, KUSD-TV, and South Dakota Public Radio Network on July 1, 1985.

As required by GASB 39, the financial statements of the agency include those of the South Dakota Public Broadcasting (the primary government), and of the Friends of Public Broadcasting, a legally separate, nonprofit South Dakota organization which is included as a discretely presented component unit. The Friends of Public Broadcasting solicit funds in the name of, and with the approval of, South Dakota Public Broadcasting. The nature and significance of the relationship of the Friends of Public Broadcasting to the primary government is such that exclusion would cause the reporting entity’s financial statements to be misleading and incomplete. See Note 8 for further information.

Government-Wide and Fund Financial Statements

The goal of government-wide financial statements is to present a broad overview of the government’s finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the government’s activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include 1) charges for services and 2) operating or capital grants and contributions that are restricted to a particular function. Tax and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are prepared for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. However, South Dakota Public Broadcasting does not have any proprietary funds and so only the governmental fund is presented. The governmental fund of South Dakota Public Broadcasting is as follows:

General Fund – the General Fund is the general operating fund. It is used to account for all financial resources of the general government.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Non-exchange transactions, in which South Dakota Public Broadcasting gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Under the terms of grant agreements, South Dakota Public Broadcasting funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is South Dakota Public Broadcasting's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Cash and Cash Equivalents

Temporary cash investments of the operating funds are held with the South Dakota State Treasury in the Cash Flow Portfolio. State public funds are deposited and invested using the pooled deposit and investment concept which preserves the integrity of the fund cash balance of each state fund while simultaneously allowing the deposit and investment of aggregate idle fund moneys. The Board's share of assets in the portfolio, using available information as of June 30, 2024, is 0.014% of the total assets being invested in the pool. The investment risks associated with the pool can be obtained from the separately issued report of the South Dakota Investment Council.

All cash and highly liquid financial instruments with original maturities of three months or less are considered to be cash and cash equivalents.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

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

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

Government-Wide Statements

Depreciation and amortization of all exhaustible fixed assets and right-to-use lease assets is recorded as an unallocated expense in the Statement of Activities, with net capital assets reflected in the Statement of Net Position. Donated assets, if received, are recorded as capital assets at acquisition value at the date of donation. Capital assets are defined by the Organization as assets with an initial, individual cost of more than \$5,000 for machinery and equipment, more than \$100,000 for buildings, and no threshold for land. Such assets are recorded at historical cost, or estimated historical cost for assets where actual historic cost is not available, except for right-to-use lease assets, the measurement of which is discussed in Note 4.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Buildings, machinery and equipment of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings	27-50 years
Machinery and equipment	3-20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisitions.

Long-Term Liabilities

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

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. If applicable, the debt proceeds are reported as revenues and payment of principal and interest reported as expenditures.

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of leases and compensated absences.

Compensated Absences

The liability for compensated absences is based on the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Program Revenues

In the Government-wide Statement of Activities, reported program revenues derive directly from the program itself. Program revenues are classified into three categories, as follows:

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

Equity Classifications

Government-Wide Statements

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

1. Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, constructions, or improvement of those assets.
2. 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.
3. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “investment in capital assets.”

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

Fund Financial Statements

Equity is classified as fund balance and is divided into five components based primarily on the extent to which the organization is bound to observe constraints imposed upon the use of the resources in governmental funds. In accordance with Governmental Accounting Standards Board No. 54, the classifications are as follows:

1. Nonspendable – Consists of amounts that cannot be spent because they are either (a) not in spendable form; or (b) legally or contractually required to be maintained intact.
2. Restricted – Consists of amounts that are constrained for a specific purpose through restrictions of (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Committed – Consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the Board and does not lapse at year-end. Those committed amounts cannot be used for any other purpose unless the Board rescinds or modifies the specified use by taking the same type of action (Board motion) it employed to previously commit those amounts.
4. Assigned – Consists of amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or appointed Committee delegated that authority by a Board motion or Board policy.
5. Unassigned – Consists of all amounts that are not constrained as reported in the other classifications within the General Fund. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

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

Donated Facilities and Services

The Organization occupies, without charge, certain premises located in government owned buildings, The estimated fair rental value of the premises is reported as revenue and expenditures in the period in which the premises are used.

Donated professional services are recorded as revenue and expenditures at estimated fair value.

Pensions

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

The Organization has one item that qualifies for reporting in this category on the government-wide statement of net position. Deferred outflows of resources related to pension plans consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenses in future years.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The Organization has two types of items that qualify for reporting in this category. The first item is deferred inflows related to pension plans as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position. The second item is deferred amounts related to leases that will be recognized in future years, reported in the government-wide statement of net position.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases*Lessee*

The Organization is a lessee for land, a radio tower, and building space. The Organization recognizes a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements.

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

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

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

The Organization monitors changes in circumstances that would require a remeasurement of its lease(s) and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

Lessor

The Organization is a lessor for tower space, antenna and shelter space, and other property. The Organization recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Organization initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Organization determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Organization uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Organization monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subsequent Events

The Organization has evaluated subsequent events through December 6, 2024, the date which the financial statements were available to be issued.

Note 2 - Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July 01, 2023	Increases	Decreases	Balance June 30, 2024
Governmental Activities				
Capital assets, not being depreciated/amortized				
Land	\$ 107,493	\$ 3,812	\$ -	\$ 111,305
Construction in progress	-	226,032	-	226,032
Total capital assets, not being depreciated/amortized	<u>107,493</u>	<u>229,844</u>	<u>-</u>	<u>337,337</u>
Capital assets, being depreciated/amortized				
Buildings	1,516,656	-	-	1,516,656
Machinery and equipment	22,537,859	84,652	256,569	22,365,942
Right-to-use lease asset	91,868	-	3,553	88,315
Total capital assets, being depreciated/amortized	<u>24,146,383</u>	<u>84,652</u>	<u>260,122</u>	<u>23,970,913</u>
Less accumulated depreciation/amortization for				
Buildings	827,453	28,871	-	856,324
Machinery and equipment	19,932,550	530,759	246,402	20,216,907
Right-to-use lease asset	20,112	8,280	3,553	24,839
Total accumulated depreciation/amortization	<u>20,780,115</u>	<u>567,910</u>	<u>249,955</u>	<u>21,098,070</u>
Total capital assets, being depreciated/amortized, net	<u>3,366,268</u>	<u>(483,258)</u>	<u>10,167</u>	<u>2,872,843</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,473,761</u>	<u>\$ (253,414)</u>	<u>\$ 10,167</u>	<u>\$ 3,210,180</u>

All depreciation/amortization expense is unallocated and not charged to any functions/programs of the governmental activities.

Note 3 - Long Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2024, was as follows:

	Balance July 01, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Lease liabilities	\$ 74,735	\$ -	\$ 7,253	\$ 67,482	\$ 7,450
Compensated absences	736,982	457,570	398,855	795,697	432,859
	<u>\$ 811,717</u>	<u>\$ 457,570</u>	<u>\$ 406,108</u>	<u>\$ 863,179</u>	<u>\$ 440,309</u>

Leases liabilities consists of leases as discussed in Note 4, and payments are made from the General Fund.

Compensated absences for governmental activities are liquidated from the General Fund.

Note 4 - Leases

Lease Receivable

During the current and previous years the Organization entered into various lease agreements for the rent of tower space, antenna and shelter space, and other property to third parties. The leases have an interest rate of 2.69%. The Organization recognized \$224,668 in lease revenue and \$35,689 in interest revenue during the current fiscal year related to these leases. As of June 30, 2024, the Organization's lease receivable was \$1,537,071. Also, the Organization has deferred inflows of resources associated with this lease that will be recognized as revenue over the lease terms. As of June 30, 2024, the balance of the deferred inflow of resources was \$1,464,021.

The future principal and interest lease receipts as of June 30, 2024, were as follows:

Years Ending June 30,	Principal	Interest
2025	\$ 205,646	\$ 51,561
2026	119,384	46,967
2027	129,037	43,487
2028	141,311	39,615
2029	140,781	35,565
2030-2034	478,451	119,775
2035-2039	161,193	70,727
2040-2044	161,268	21,232
	<u>\$ 1,537,071</u>	<u>\$ 428,929</u>

Leases Payable

The Organization has entered into lease agreements for the acquisition and use of land, a radio tower, and building space. An initial lease liability was recorded in the amount of \$88,315. As of June 30, 2024, the value of the lease liability was \$67,482. The Organization is required to make annual principal and interest payments. The leases have interest rates of 2.69%. The right-to-use land assets have an estimated useful life of 2 to 11 years. The carrying value of the right-to-use asset as of the end of the current fiscal year was \$88,315 and had accumulated amortization of \$24,839.

During the fiscal year the Organization recorded \$8,280 in amortization expense and \$1,921 in interest expense for the right to use the land, a radio tower, and building space.

The future principal and interest lease payments as of June 30, 2024, were as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 7,450	\$ 1,724
2026	7,653	1,521
2027	8,168	1,312
2028	9,013	1,079
2029	9,258	833
2030-2032	25,940	970
	<u>\$ 67,482</u>	<u>\$ 7,439</u>

Note 5 - Pension Plan

Plan Information

All employees working more than 20 hours per week during the year participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivors' benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided

SDRS has three different classes of employees: Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

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

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

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

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

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

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to contribute an amount equal to the employee's contribution. South Dakota Public Broadcasting contributions to the SDRS for the fiscal years ended June 30, 2024, 2023 and 2022 were \$239,732, \$203,760 and \$189,658 respectively, equal to the required contributions each year.

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

At June 30, 2023, SDRS is 100.10% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of SDRS for the Organization as of June 30, 2024 are as follows:

Proportionate share of total pension liability	\$ 19,078,604
Less proportionate share of net position restricted for pension benefits	<u>19,091,460</u>
Proportionate share of net pension liability (asset)	<u>\$ (12,856)</u>

At June 30, 2024 the Organization reported an asset of \$12,856 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension asset used to calculate the pension asset was based on a projection of the Organization’s share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Organization’s proportion was 0.1317118%, which is a decrease of 0.1324038% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024 the Organization recognized pension expense of \$23,818. At June 30, 2024, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 364,400	\$ -
Changes in assumption	439,517	642,477
Net difference between projected and actual earnings on pension plan investments	85,588	-
Changes in proportion and difference between Authority contributions and proportionate share of contributions	84	1,306
Contributions subsequent to measurement date	<u>239,732</u>	<u>-</u>
	<u>\$ 1,129,321</u>	<u>\$ 643,783</u>

Deferred outflows of resources related to pension resulting from the Organization’s contributions subsequent to the measurement date of \$239,732 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (reduction of pension expense) as follows:

<u>Years Ending December 31,</u>	
2025	\$ 174,666
2026	(195,422)
2027	248,536
2028	<u>18,026</u>
	<u>\$ 245,806</u>

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Investment rate of return	6.50% net of pension plan investment expense
Future COLAs	1.91%

Mortality rates were based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2023 (see the discussion of the pension plan’s investment policy) are summarized in the following table using geometric means:

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

Discount Rate

The discount rate used to measure the total pension asset was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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 the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Organization's proportionate share of the net pension (asset) liability	\$ 2,647,884	\$ (12,856)	\$ (2,165,464)

Pension Plan Fiduciary Net Position

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

Note 6 - Commitments and Contingencies

Litigation

As of June 30, 2024, South Dakota Public Broadcasting was not involved in any litigation.

Note 7 - Risk Management

South Dakota Public Broadcasting employees are employees of the State of South Dakota, and accordingly, receive all benefits afforded to employees of the State.

Employee Health and Life Insurance

The State of South Dakota assumes substantially all risks associated with claims of covered public employees for health and life insurance benefits. Premiums are paid by South Dakota Public Broadcasting for all covered employees to the State of South Dakota Self-Insurance Internal Service Fund. Varying levels of health and life coverage may be purchased by employees for their spouses and dependents.

Worker’s Compensation Benefits and Unemployment Insurance

The State of South Dakota assumes substantially all risks associated with claims of state employees for unemployment compensation and worker’s compensation benefits. Premiums based on a percentage of wages are paid by South Dakota Public Broadcasting to the South Dakota Unemployment Insurance Fund to cover the cost of claims servicing and unemployment claims payments. A reserve derived from a percentage of wages paid to state employees is used to fund worker’s compensation claims.

Liability and Property Insurance

South Dakota Public Broadcasting participates in the Public Entity Pool for Liability (PEPL). This is an Internal Service Fund of the State of South Dakota which was created to cover risks associated with automobile and general tort liability. South Dakota Public Broadcasting pays premiums based on the number of automobiles it holds title to for automobile liability, and the number of approved full-time employees for general tort liability. Coverage for property loss was obtained through the South Dakota Property and Casualty Insurance Company, LLC.

Note 8 - Discretely Presented Component Unit: The Friends of Public Broadcasting

Friends of South Dakota Public Broadcasting (Friends) solicits funds in the name of, and with the approval of, the South Dakota Board of Directors for Educational Telecommunications. Created in 1974 as a nonprofit South Dakota organization, the Organization is a component unit of the South Dakota Board of Directors for Educational Telecommunications agency.

Friends supports lifelong learning for all South Dakotans through advocacy, leadership and responsible fundraising on behalf of South Dakota Public Broadcasting. Friends has separately audited financial statements for the year ended June 30, 2024. South Dakota Public Broadcasting provides the notes to those audited financial statements below. A copy of the audited financial statements can be made available upon request of the South Dakota Public Broadcasting's CFO.

A. Significant Accounting Policies

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for endowments that are perpetual in nature or other long-term purposes of Friends are excluded from this definition.

Restricted Cash

Restricted cash includes cash and cash equivalents that is donor restricted to be used for renovations for the Black Hills studio.

Receivables and Allowance for Credit Losses

Corporate support receivables consist primarily of noninterest-bearing amounts due for on-air technical and informative announcements to listeners of SDPB. The Organization believes the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for corporate support receivables held at June 30, 2024 and 2023 because the composition of the accounts receivable at those dates are consistent with what was used in developing the historical credit-loss percentages.

Additionally, the Organization has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. There was no allowance for credit losses considered necessary as of June 30, 2024.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in gift revenue in the statements of activities. Allowance for uncollectible promises to give are determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. As of June 30, 2024 the allowance was \$0.

Capital Assets

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to fifteen years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Right of Use Leased Assets and Liabilities

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

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of net position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Friends has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by the donor and is administered by an outside agent designated by the donor. Friends has neither possession nor control over the assets of the trust. At the date Friends receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statement of activities and a beneficial interest in perpetual trust, reported as investments, is recorded in the statement of net position at the fair value of the underlying trust. Thereafter, beneficial interests in trusts are reported at fair value in the statement of net position, with changes in fair value recognized in the statement of activities. Under this trust agreement, Friends receives an annual distribution from the trust for a period of twenty years. At the end of the twenty-year period, Friends will receive a proportionate share of the trust's remaining value.

Beneficial interest in assets held by community foundations represents funds transferred to community foundations by Friends where Friends has specified itself as beneficiary. Friends granted variance power to the community foundations which allows the community foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the community foundations' Board of Directors, such as restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The funds are held and invested by the community foundations for the benefit of Friends and are reported at fair value in the statement of net position as investments, with trust distributions and changes in fair value recognized in the statement of activities.

Net Position

Net position and revenues are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net position and changes therein are classified and reported as follows:

Net Position Without Donor Restrictions – Net position available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net position without donor restrictions, net position for a board-designated endowment.

Net Position With Donor Restrictions – Net position subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Friends reports contributions restricted by donors as increases in net position without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net position with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net position with donor restrictions are reclassified to net position without donor restrictions and reported in the statement of activities as net position released from restrictions.

Revenue Recognition and Deferred Revenue

Friends recognizes revenue as the related services are provided as outlined in each respective underwriting contract. The performance obligations with respect to underwriting are satisfied as the related benefits are delivered over the term of the respective contract. Amounts collected in advance of Friends' satisfaction of its contractual performance obligations are considered deferred revenue, reported as an other current liability, and is recognized when Friends satisfies the related performance obligations.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to Friends' program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Income Taxes

Friends is organized as a South Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), which qualify for the charitable contribution deduction. Friends is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Friends is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Friends has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Friends believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Friends would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Friends manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, Friends has not experienced losses in any of these accounts.

Friends maintains cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each ownership category. At June 30, 2024, Friends had approximately \$24,000 in excess of FDIC-insured limits.

Credit risk associated with underwriting receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from members, corporations, and foundations supportive of Friends' mission. Investments are made by investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of Friends.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

B. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of net position date, comprise the following:

Cash and cash equivalents	\$ 194,348
Other receivables, net	
Corporate support receivables	96,594
Promises to give	<u>202,328</u>
	<u>\$ 493,270</u>

Friends intends to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

Friends has a board-designated endowment. Although Friends does not intend to spend from this board-designated endowment, these amounts could be made available if necessary.

C. Fair Value of Assets

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets that Friends can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, Friends develops inputs using the best information available in the circumstances.

Assets measured at fair value on a recurring basis at June 30, 2024, respectively, are as follows:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Money Market Funds (at cost)	\$ 194,281	\$ -	\$ -	\$ -
Equity ETFs	2,092,156	2,092,156	-	-
Fixed income ETFs	1,287,045	1,287,045	-	-
U.S. Treasury bonds and notes	395,966	-	395,966	-
Other	38,161	-	38,161	-
Total investments valued at fair value	<u>4,007,609</u>	<u>3,379,201</u>	<u>434,127</u>	<u>-</u>
Beneficial Interests in				
Assets held by community foundations	4,021,211	-	-	4,021,211
Charitable trust	182,034	-	-	182,034
Total investments	<u>\$ 8,210,854</u>	<u>\$ 3,379,201</u>	<u>\$ 434,127</u>	<u>\$ 4,203,245</u>

The fair value of exchange traded funds and stocks are determined by references to quoted market prices. The fair value of U.S. Treasury bonds and notes and other investments is determined by reference to similar assets that are directly or indirectly observable in the marketplace. The fair value of the beneficial interest in charitable trust is estimated at the present value of the expected future cash flows. The fair value of the beneficial interests in assets held by the community foundation is based on the fair value of the fund investments as reported by the community foundation.

Following is a reconciliation for Level 3 assets measured on a recurring basis for the year ended June 30, 2024:

	Beneficial Interests in	
	Community Foundations	Charitable Trust
Balance at July 1, 2023	\$ 3,711,843	\$ 174,901
Total gains or losses		
Included in change in net position, net of fees	516,675	16,316
Purchases and sales		
Purchases (contributions to the CF)	7,813	-
Sales (distributions)	(215,120)	(9,183)
Balance at June 30, 2024	\$ 4,021,211	\$ 182,034

There were no transfers into or out of Level 3.

D. Promises to Give

Unconditional promises to give, included in other receivables, are estimated to be collected as follows at June 30, 2024:

Within one year	\$ 287,468
In one to five years	26,580
	314,048
Less Discount to Net Present Value at Rates Ranging from 7.86% to 10.25%	(3,172)
	\$ 310,876

At June 30, 2024, three donors account for 77% of total promises to give. As of June 30, 2024, \$11,850 of the total promises to give are from board members of Friends.

E. Beneficial Interest in Assets Held by Community Foundations

Agency Funds

Agency endowment funds have been established with various Community Foundations (CFs) that names Friends as the designated beneficiary of distributions from these funds. The CFs distribute a portion of the endowment to Friends each year, up to 5% of the 12-quarter trailing average balance for Sioux Falls. Friends granted variance power to these CFs which allows these CFs to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CFs' Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The market value of these funds, plus net investment return, less distributions and fees at June 30, 2024 is as follows:

	<u>Sioux Falls</u>	<u>South Dakota</u>	<u>Black Hills</u>	<u>Total</u>
Balance, July 1, 2023	\$ 3,278,585	\$ 108,848	\$ 324,410	\$ 3,711,843
Contributions	-	-	7,813	7,813
Net investment return	492,356	7,752	47,114	547,222
Investment management fees	(25,133)	(735)	(4,679)	(30,547)
Distributions	<u>(200,000)</u>	<u>(1,641)</u>	<u>(13,479)</u>	<u>(215,120)</u>
Balance, June 30, 2024	<u>\$ 3,545,808</u>	<u>\$ 114,224</u>	<u>\$ 361,179</u>	<u>\$ 4,021,211</u>

Designated Funds

Designated funds that name Friends as a beneficiary that were directly established at the CFs by various donors are not recorded as assets for Friends. The CFs have been granted variance power by the donors which allows the foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization. If, in the sole judgement of the CF's Board of Directors, such restrictions or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The market value of these funds, plus income or losses and less distributions and fees at June 30, 2024 is as follows:

	<u>Sioux Falls</u>	<u>South Dakota</u>	<u>Watertown</u>	<u>Total</u>
Balance, July 1, 2023	\$ 1,251,339	\$ 141,713	\$ 17,796	\$ 1,410,848
Contributions	-	105,040	-	105,040
Net investment return	141,289	25,212	2,025	168,526
Investment management fees	(9,482)	(2,409)	(183)	(12,074)
Distributions	<u>-</u>	<u>(8,614)</u>	<u>-</u>	<u>(8,614)</u>
Balance, June 30, 2024	<u>\$ 1,383,146</u>	<u>\$ 260,942</u>	<u>\$ 19,638</u>	<u>\$ 1,663,726</u>

F. Leases

Friends leases office space and equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through June 2031 and provide for renewable options ranging from five to ten years. Friends included in the determination of the right of use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on defined terms within the agreements.

The weighted-average discount rate is based on the discount rate implicit in the lease. Friends has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. Friends applied the risk-free rate option to the building and office equipment classes of assets.

Friends has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Friends has elected the practical expedient to not separate lease and non-lease components for equipment leases.

Total operating lease costs was \$174,606 for the year ended June 30, 2024, which \$32,865 is Friends' portion and the remaining is paid by Friends on behalf of SDPB.

The following summarizes the weighted-average remaining lease term and weighted average discount rate:

Weighted-average remaining lease term in years	12.90
Weighted-average discount rate	3.63%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2024:

2025	\$ 197,182
2026	197,529
2027	199,406
2028	199,591
2029	201,323
Thereafter	<u>1,837,092</u>
Total lease payments	2,832,123
Less interest	<u>(587,784)</u>
Present value of lease liabilities	<u><u>\$ 2,244,339</u></u>

G. Endowment

Friends’ endowment consists of funds that have been gifted to Friends by donors without restrictions and have been designated as funds functioning as endowment by the Board of Directors. In the event that funds received by Friends in the future are endowed by the donor, they will be treated as net position with donor restrictions. As required by generally accepted accounting principles, net position associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Friends has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Friends retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Friends considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment net position composition by type of fund as of June 30, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	<u>\$ 4,007,609</u>	<u>\$ -</u>	<u>\$ 4,007,609</u>

Changes in Endowment net position for the years ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net position, beginning of year	\$ 3,689,327	\$ -	\$ 3,689,327
Investment return, net	384,972	-	384,972
Contributions	24,310	-	24,310
Appropriation of endowment assets	(91,000)	-	(91,000)
Endowment Net Position, End of Year	\$ 4,007,609	\$ -	\$ 4,007,609

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment investments. During the course of a complete market cycle, the total return objective shall be to achieve a return greater than capital market returns with similarly weighted asset allocation. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A portion of the funds are invested to seek growth of principal over time.

An endowment spending-rate formula is used to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters at the end of each fiscal year to determine the spending amount for the upcoming year. The spending rate maximum is 5 percent. In establishing this policy, the Board of Directors considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time. The Board of Directors may elect to defer any such spending and retain any or all such amounts in the endowment.

H. Employee Benefits

Friends sponsors a tax-deferred 401(k) plan. The plan provides that employees who work 20 hours per week may voluntarily contribute 6 percent or more of their earnings to the plan. Employer contributions are matched by Friends up to 6 percent after the first year of employment. Contributions to the 401(k) plan were \$63,210 for the year ended June 30, 2024.

I. Net Position with Donor Restrictions

Net position with donor restrictions are restricted for the following purposes or periods:

Subject to Expenditure for Specified Purpose	
Early learning	\$ 220,773
Black Hills studio renovation	66,908
	<u>287,681</u>
Subject to the Passage of Time and Expenditure for Specified Purpose Promises to give that are restricted by donors,	314,048
Subject to the Passage of Time	
Beneficial interest in charitable trust	182,034
Endowment	
Beneficial interest in assets held by Community Foundations	<u>4,021,211</u>
	<u>\$ 4,804,974</u>

Net position released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2024:

Expiration of time restrictions	\$ 423,546
Satisfaction of purpose restrictions	
Black Hills studio renovation	111,567
Mitchell tower	216,138
Diversity, equity, and inclusion (DEI)	<u>40,000</u>
	<u>\$ 791,251</u>

J. Long-Term Debt

During the year ended June 30, 2024, Friends entered into a new office space lease for the Black Hills studio. Within the lease agreement, Friends is responsible for reimbursing the landlord for leasehold improvements not to exceed \$405,000. Friends is to reimburse the landlord in three equal annual payments of \$135,000 with the first payment due upon the execution of the lease agreement. Annual payments totaling \$135,000 are due October 1, 2024 and 2025. The outstanding balance of the debt totals \$270,000 for the year ended June 30, 2024.



Required Supplementary Information
June 30, 2024

South Dakota Public Broadcasting

South Dakota Public Broadcasting
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Organization' proportion of the net pension liability (asset)	0.1385131%	0.1427638%	0.1361028%	0.1393609%	0.1388304%	0.1386452%	0.1343183%	0.1368853%	0.1324038%	0.1317118%
Organization's proportionate share of net pension liability (asset)	\$ (997,930)	\$ (605,502)	\$ (459,742)	\$ (12,647)	\$ (3,238)	\$ (14,693)	\$ (5,833)	\$ (1,048,307)	\$ (12,510)	\$ (12,856)
Organization's covered payroll	\$ 2,422,217	\$ 2,606,467	\$ 2,738,855	\$ 2,966,307	\$ 3,017,941	\$ 3,028,226	\$ 3,074,328	\$ 3,278,114	\$ 3,378,077	\$ 3,747,550
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-41.20%	-23.23%	-16.79%	-0.43%	-0.11%	-0.49%	-0.19%	-31.98%	-0.37%	-0.34%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.30%	104.10%	96.90%	100.10%	100.02%	100.09%	100.04%	105.52%	100.10%	100.10%

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

South Dakota Public Broadcasting
Schedule of Contributions – South Dakota Retirement System
June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 156,388	\$ 155,280	\$ 169,892	\$ 173,169	\$ 173,011	\$ 176,873	\$ 186,355	\$ 189,659	\$ 212,185	\$ 249,354
Contributions in relation to the contractually required contribution	156,388	155,280	169,892	173,169	173,011	176,873	186,355	189,659	212,185	249,354
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,606,467	\$ 2,738,855	\$ 2,966,307	\$ 3,017,941	\$ 3,028,226	\$ 3,074,328	\$ 3,278,114	\$ 3,378,077	\$ 3,747,550	\$ 4,335,761
Contributions as a percentage of covered payroll	6.00%	5.67%	5.73%	5.74%	5.71%	5.75%	5.68%	5.61%	5.66%	5.75%

Changes of Benefit Terms Since the Last Valuation

During the 2023 Legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety Members.

Changes of Assumptions Since the Last Valuation

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

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

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

The changes in the actuarial assumptions implemented as a result of the 2022 experience analysis and the method changes described below reduced the Actuarial Accrued Liability by \$204 million, excluding changes in the COLA assumption.

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

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

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%. The changes in the actuarial assumption for future COLAs decreased the Actuarial Accrued Liability by \$277 million, or 1.9% of the Actuarial Accrued Liability based on the 2.10% prior COLA assumption.

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



Other Information
June 30, 2024

South Dakota Public Broadcasting

South Dakota Public Broadcasting
Combining Schedule – Statement of Net Position Information
June 30, 2024

	South Dakota Public Broadcasting	Friends of SDPB	Total
Assets			
Cash and cash equivalents	\$ 511,206	\$ 194,348	\$ 705,554
Restricted cash	-	66,908	66,908
Investments	-	8,210,854	8,210,854
Other receivables	33,876	407,470	441,346
Leases receivable	1,537,071	-	1,537,071
Prepaid items	146,025	20,476	166,501
Net pension asset	12,856	-	12,856
Capital assets	24,219,935	877,935	25,097,870
Right-to-use lease asset	88,315	2,224,256	2,312,571
Less : accumulated depreciation/amortization	<u>(21,098,070)</u>	<u>(259,864)</u>	<u>(21,357,934)</u>
Total assets	<u>5,451,214</u>	<u>11,742,383</u>	<u>17,193,597</u>
Deferred Outflows of Resources			
Pension plans	<u>1,129,321</u>	<u>-</u>	<u>1,129,321</u>
Liabilities			
Accounts payable and other current liabilities	618,097	185,406	803,503
Long-term liabilities			
Due within one year	440,309	264,408	704,717
Due in more than one year	<u>422,870</u>	<u>2,285,130</u>	<u>2,708,000</u>
Total liabilities	<u>1,481,276</u>	<u>2,734,944</u>	<u>4,216,220</u>
Deferred Inflows of Resources			
Lease related	1,464,021	-	1,464,021
Pension plans	<u>643,783</u>	<u>-</u>	<u>643,783</u>
Total deferred inflows of resources	<u>2,107,804</u>	<u>-</u>	<u>2,107,804</u>
Net Position			
Net investment in capital assets	3,142,698	-	3,142,698
Restricted for SDRS pension	498,394	-	498,394
Restricted for Foundations	-	4,804,974	4,804,974
Unrestricted	<u>(649,637)</u>	<u>4,202,465</u>	<u>3,552,828</u>
Total net position	<u>\$ 2,991,455</u>	<u>\$ 9,007,439</u>	<u>\$ 11,998,894</u>

South Dakota Public Broadcasting
Combining Schedule – Statements of Revenue, Expenses and Changes in Net Position Information
Year Ended June 30, 2024

	South Dakota Public Broadcasting - TV	South Dakota Public Broadcasting - Radio	Friends of SDPB - TV	Friends of SDPB - Radio	Eliminations	Total
Support and Revenue						
General appropriations from the State of South Dakota	\$ 3,955,022	\$ 1,624,427	\$ -	\$ -	\$ -	\$ 5,579,449
Contributions from Friends of SDPB	931,500	418,500	-	-	(1,350,000)	-
Donated services and equipment	968,914	537,317	-	-	(1,324,460)	181,771
Community service grants from CPB	1,846,254	351,510	-	-	-	2,197,764
Tower Revenue	195,268	65,089	-	-	-	260,357
Other	211,914	36,119	-	-	-	248,033
Membership income	-	-	1,488,339	668,674	-	2,157,013
Contributed support	-	-	588,161	201,218	-	789,379
Corporate Support Sales	-	-	755,757	434,052	-	1,189,809
Miscellaneous income	-	-	4,544	2,556	-	7,100
Change in beneficial interests	-	-	361,428	162,380	-	523,808
Investment income (including gains and losses)	-	-	259,339	116,514	-	375,853
Total support and revenue	8,108,872	3,032,962	3,457,568	1,585,394	(2,674,460)	13,510,336
Expenses						
Programming and production	3,320,478	1,868,886	1,377,037	517,705	(1,894,742)	5,189,364
Broadcasting and engineering	3,304,777	-	-	-	-	3,304,777
Radio and radio engineering	-	553,870	-	175,761	(175,761)	553,870
Marketing	992,394	373,339	334,582	91,420	(426,002)	1,365,733
Management and general	385,761	150,106	375,147	214,029	(177,955)	947,088
Depreciation and amortization	442,691	125,219	-	-	-	567,910
Membership & Lead Giving	-	-	817,418	519,236	-	1,336,654
Corporate Support	-	-	213,698	189,549	-	403,247
Loss on disposal of capital assets	10,167	-	-	-	-	10,167
Total expenses	8,456,268	3,071,420	3,117,882	1,707,700	(2,674,460)	13,678,810
Total Support and Revenue in Excess of (Less Than) Expenses	(347,396)	(38,458)	339,686	(122,306)	-	(168,474)
Net Position (Deficit), Beginning of Year	3,591,836	(255,846)	6,669,775	2,120,284	-	12,126,049
Net Position (Deficit), End of Year	\$ 3,244,440	\$ (294,304)	\$ 7,009,461	\$ 1,997,978	\$ -	\$ 11,957,575

The combining schedules are not representative of requirements of the Governmental Accounting Standards Board and are not intended to be. Management of South Dakota Public Broadcasting prepares the schedules to aid in the completion of the CPB annual financial reporting.



Additional Reports
June 30, 2024

South Dakota Public Broadcasting



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

South Dakota Board of Directors for
Educational Telecommunications
South Dakota Public Broadcasting
Vermillion, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the discretely presented component unit, and the major fund of South Dakota Public Broadcasting (the “Organization”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization’s basic financial statements and have issued our report thereon dated December 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
December 6, 2024

Our audit did not disclose any matters required to be reported.