

1/5/22

Financial Statements  
June 30, 2021

South Dakota Public Broadcasting



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South Dakota Public Broadcasting  
Board of Directors  
June 30, 2021

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<u>Name</u>	<u>Position</u>
Kay Jorgensen	Chairman
Doyle Estes	Council Member
Jerry Oster	Council Member
Tyler Tordsen	Council Member
Julie Ashworth	Council Member
David Landry	Council Member
Jeff Clines	BIT Commissioner
Janelle Toman	Board of Regents
Julie Overgaard	Executive Director



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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and the major fund of South Dakota Public Broadcasting, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the 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, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**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, 2021 and the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

**Restatement of Prior Year Financial Statements**

The financial statements of South Dakota Public Broadcasting as of and for the year ended June 30, 2020, were audited by other auditors, whose report dated October 26, 2020 expressed an unmodified opinion on those statements. As discussed in Note 8 to the financial statements, certain errors resulting in misstatements of amounts previously reported for costs incurred for programs not yet broadcast occurred in the financial statements for the year ended June 30, 2020, were discovered by management of South Dakota Public Broadcasting during the current year. Accordingly, amounts reported for costs incurred for programs not yet broadcast, net position, and fund balance have been restated as of July 1, 2020 to correct these errors. The other auditors reported on the financial statements as of and for the year ended June 30, 2020 before the restatement.

As part of our audit of the financial statements as of and for the year ended June 30, 2021, we also audited the adjustments described in Note 8 that were applied to restate the financial statements as of and for the year ended June 30, 2020. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the financial statements as of and for the year ended June 30, 2020 of South Dakota Public Broadcasting other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements as of and for the year ended June 30, 2020 as a whole.

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

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*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated Report Date, 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.

Sioux Falls, South Dakota  
Report Date

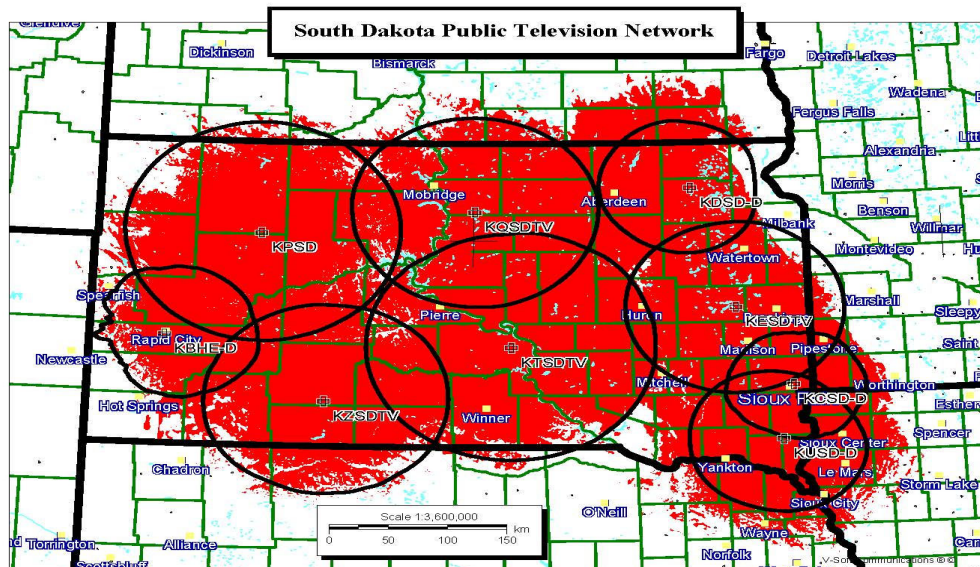
## Introduction and Reporting Entity

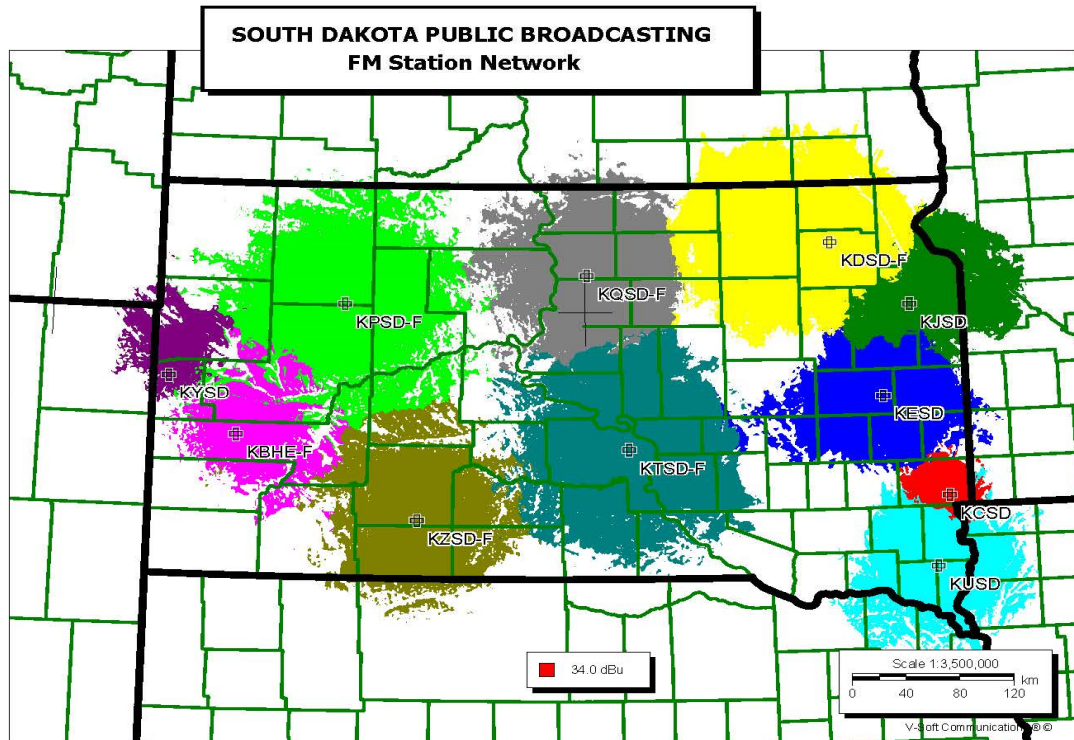
Management of South Dakota Public Broadcasting (SDPB) provides this Management's Discussion and Analysis of SDPB's annual financial statements. The narrative overview and analysis of the financial activities of SDPB is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with SDPB's financial statements, which follow this section.

SDPB is South Dakota's statewide public broadcasting network. SDPB is a State agency under the umbrella of the Bureau of Information and Telecommunications (BIT). SDPB Educational Telecommunications Board, the broadcast licensee, governs SDPB and sets general programming objectives and policy guidelines. Six of the nine members are appointed by the Governor of South Dakota. Of those six, one must be a representative of a private college. The other three members are the Executive Director of SDPB, the Commissioner of BIT and the Executive Director of the SD Board of Regents.

SDPB's primary functions are to promote and establish noncommercial educational telecommunications facilities with the State of South Dakota and provide transmission facilities for noncommercial educational telecommunications programs throughout the State.

SDPB maintains a network of 9 digital television stations, 9 radio stations, 6 digital television translators and 11 radio translators, microwave equipment that covers over 1,530 microwave paths, 16,409 feet/3.11 miles of tower and over 51 towers which support the network owned microwave system. Area coverage maps with associated call signs are shown below.





SDPB serves over 90% of the State of South Dakota and serves approximately 340,000 households across the State with Public TV (SDPTV) and Radio (SPPR) programming. Membership for FY2021 was 11,940. Local television production hours produced/hours aired were 373 (including repeats). SDPB TV local productions in FY2021 included SD Focus, High School Rodeo championships, Images of the Past and Vanished South Dakota. SDPB Radio local productions included Jazz Nightly, In the Moment, legislative coverage and in depth looks at education and work force.

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 \$4,829,295 for the year ended June 30, 2021 (FY2021) and \$4,514,318 for the year ended June 30, 2020 (FY2020). SDPB's net position increased by 6.3% from FY2020 to FY2021. This increase is attributable to day-to-day activities and the timing of revenue and expenditures. SDPB's property and equipment, net of accumulated depreciation, totaled \$4,008,870 and \$4,224,997 at June 30, 2021 and June 30, 2020, respectively. These changes are reflected in the summary below. A summary of changes in capital assets is included in Note 2 of the financial statements.

Statement of Net Position June 30, 2021 and 2020			
	2021	(as restated) 2020	Percentage Change
<b>Assets</b>			
Current assets	\$ 1,715,601	\$ 926,360	85.2%
Net capital assets	4,008,870	4,224,997	-5.1%
Total assets	5,724,471	5,151,357	11.1%
Deferred Outflows of Resources	936,011	747,400	25.2%
<b>Liabilities</b>			
Current liabilities	768,734	522,665	47.1%
Long-term liabilities	289,489	558,638	-48.2%
Total liabilities	1,058,223	1,081,303	-2.1%
Deferred Inflows of Resources	772,964	303,136	155.0%
<b>Net Position</b>			
Net investment in capital assets	4,008,870	4,224,997	-5.1%
Restricted for SDRS pension	168,880	458,957	-63.2%
Unassigned	651,545	(169,636)	-484.1%
Total net position	\$ 4,829,295	\$ 4,514,318	7.0%

South Dakota Public Broadcasting  
Management's Discussion and Analysis  
June 30, 2021

SDPB's operating revenues increased by 17.0% from FY2020 to FY2021. This increase is attributable to day-to-day activities and timing of revenues. Overall expenses increased by 4.7% from FY2020 to FY2021. This increase is attributable to day-to-day activities and the timing of expenses.

Statement of Activities  
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020 *</u>	<u>Percentage Change</u>
<b>Revenues</b>			
Program revenues			
Operating grants and contributions	\$ 4,763,522	\$ 3,513,509	35.6%
General revenues			
Appropriations from the State of South Dakota	4,449,257	4,370,855	1.8%
Tower rental income	368,340	310,037	18.8%
Other general revenues	150,380	120,776	24.5%
<b>Total revenues</b>	<u>9,731,499</u>	<u>8,315,177</u>	17.0%
<b>Expenses</b>			
Programming and production	2,607,756	2,101,640	24.1%
Radio programming and production	1,869,269	1,576,169	18.6%
Engineering	2,627,984	2,831,751	-7.2%
Radio administration	156,389	89,031	75.7%
Radio engineering	341,465	309,840	10.2%
Network marketing	414,689	410,624	1.0%
Radio marketing	173,339	175,982	-1.5%
Management and general	510,743	690,411	-26.0%
Depreciation - unallocated	726,098	792,242	-8.3%
<b>Total expenses</b>	<u>9,427,732</u>	<u>8,977,690</u>	5.0%
<b>Change in net position</b>	<u>\$ 303,767</u>	<u>\$ (662,513)</u>	-145.9%

\* The revenues and expenses for fiscal year 2020 were not restated to show the effects of the correction of an error.

### Financial Highlights – General Fund

The following schedule presents a summary of General Fund revenues.

	<u>2021</u>	<u>2020</u>	<u>Percentage Change</u>
<b>Revenues</b>			
Appropriation from the State of South Dakota	\$ 4,449,257	\$ 4,370,855	1.8%
Contributions from Friends	1,352,746	1,206,556	12.1%
Donated services and equipment	178,229	165,243	7.9%
Community service grants from Corporation for Public Broadcasting	2,639,677	2,053,930	28.5%
Federal - restricted (CARES)	592,870	87,780	575.4%
Other	516,072	443,137	16.5%
<b>Total revenues</b>	<b><u>\$ 9,728,851</u></b>	<b><u>\$ 8,327,501</u></b>	<b>16.8%</b>

Total General Fund revenue increased by 16.8% from the previous year. Contributions from Friends and community service grants increased from the previous year due to ???, and federal funds increased due to the COVID-19 related CARES program providing funding.

The following schedule presents a summary of General Fund expenditures.

	<u>2021</u>	<u>2020</u>	<u>Percentage Change</u>
<b>Expenditures</b>			
TV programming and production	\$ 2,607,756	\$ 2,189,532	19.1%
Radio programming and production	1,869,269	1,540,086	21.4%
Engineering	2,627,984	2,731,187	-3.8%
Radio engineering	341,465	309,376	10.4%
Network marketing	414,689	408,013	1.6%
Radio marketing	173,339	175,982	-1.5%
Management and general	220,665	261,187	-15.5%
Radio management	156,389	87,567	78.6%
Capital outlay	509,972	500,888	1.8%
<b>Total expenditures</b>	<b><u>\$ 8,921,528</u></b>	<b><u>\$ 8,203,818</u></b>	<b>8.7%</b>

Total General Fund expenditures increased by 8.7% from the previous year. Programming and production for TV and radio increased from the previous year due to FY2020 being more impacted by the COVID pandemic which caused less costs, and FY2021 was restored to more consistent historical levels.

**Other Significant Matters**

In FY2021 SDPB continued strategic planning implementation and work on the supporting \$1,500,000 fundraising campaign.

**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  
Attn: BIT Finance Department  
PO Box 5000  
Vermillion, SD 57069-5000



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South Dakota Public Broadcasting  
Statement of Net Position  
June 30, 2021

	Primary Government	Component Unit
	Governmental Activities	Friends of Public Broadcasting
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,709,768	\$ 377,762
Investments	-	5,767,058
Other receivables	-	671,922
Net pension asset	5,833	-
Total current assets	<u>1,715,601</u>	<u>6,816,742</u>
<b>Capital Assets</b>		
Land	107,493	-
Buildings	1,516,656	-
Machinery and equipment	22,521,889	466,586
Less: accumulated depreciation	<u>(20,137,168)</u>	<u>(156,551)</u>
Net capital assets	<u>4,008,870</u>	<u>310,035</u>
Total assets	<u>5,724,471</u>	<u>7,126,777</u>
<b>Deferred Outflows of Resources</b>		
Pension plans	<u>936,011</u>	<u>-</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities	440,162	134,977
Current portion of long term liabilities	328,572	-
Total current liabilities	<u>768,734</u>	<u>134,977</u>
<b>Long-Term Liabilities</b>		
Accrued compensated absences	618,061	-
Less: current portion	<u>(328,572)</u>	<u>-</u>
Total long-term liabilities	<u>289,489</u>	<u>-</u>
Total liabilities	<u>1,058,223</u>	<u>134,977</u>
<b>Deferred Inflows of Resources</b>		
Pension plans	<u>772,964</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	4,008,870	-
Restricted for SDRS pension	168,880	-
Unassigned	651,545	-
With donor restrictions - Foundations	-	4,165,754
Without donor restrictions - Board designated	-	2,031,678
Without donor restrictions	<u>-</u>	<u>794,368</u>
Total net position	<u>\$ 4,829,295</u>	<u>\$ 6,991,800</u>

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South Dakota Public Broadcasting  
Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position	
			Primary Government	Component Unit
		Operating Grants and Contributions	Governmental Activities	Friends of Public Broadcasting
Primary government:				
Governmental activities:				
Programming and production	\$ 2,607,756	\$ 2,498,454	\$ (109,302)	\$ -
Radio programming and production	1,869,269	339,110	(1,530,159)	-
Engineering	2,627,984	164,247	(2,463,737)	-
Radio administration	156,389	-	(156,389)	-
Radio engineering	341,465	-	(341,465)	-
Network marketing	414,689	-	(414,689)	-
Radio marketing	173,339	-	(173,339)	-
Management and general	510,743	17,715	(493,028)	-
Depreciation - unallocated	726,098	-	(726,098)	-
Total primary government	<u>\$ 9,427,732</u>	<u>\$ 4,763,522</u>	<u>(4,664,210)</u>	<u>-</u>
Component Unit				
Friends of Public Broadcasting	<u>\$ 3,421,389</u>	<u>\$ 4,279,800</u>		<u>858,411</u>
General revenues				
Appropriations from the State of South Dakota			4,449,257	-
Tower rental income			368,340	-
Other general revenues			150,380	946,569
Total general revenues			<u>4,967,977</u>	<u>946,569</u>
Change in net position			303,767	1,804,980
Net position - beginning, as restated (Note 8)			<u>4,525,528</u>	<u>5,186,820</u>
Net position - ending			<u>\$ 4,829,295</u>	<u>\$ 6,991,800</u>

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South Dakota Public Broadcasting  
Balance Sheet – Governmental Fund  
June 30, 2021

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	<u>General Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 1,709,768</u>
Liabilities and Fund Balance	
Current Liabilities	
Accounts payable	\$ 268,623
Salaries and benefits payable	<u>171,539</u>
Total liabilities	<u>440,162</u>
Fund Balance	
Unassigned	<u>1,269,606</u>
Total liabilities and fund balances	<u>\$ 1,709,768</u>



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South Dakota Public Broadcasting

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

June 30, 2021

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Total Fund Balances - Governmental Funds		\$	1,269,606
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			5,833
Pension related deferred outflows are components of pension asset and therefore are not reported in the funds			936,011
Pension related deferred inflows are components of pension asset and therefore are not reported in the funds			(772,964)
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:	\$	24,146,038	
The accumulated depreciation is:		<u>20,137,168</u>	4,008,870
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			<u>(618,061)</u>
Net Position of Governmental Activities		\$	<u><u>4,829,295</u></u>

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South Dakota Public Broadcasting  
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund  
Year Ended June 30, 2021

	General Fund
<b>Revenues</b>	
Appropriation from the State of South Dakota	\$ 4,449,257
Contributions from Friends	1,352,746
Donated services and equipment	178,229
Community service grants from Corporation for Public Broadcasting	2,639,677
Federal - restricted (CARES)	592,870
Other	516,072
Total revenues	9,728,851
<b>Expenditures</b>	
TV programming and production	2,607,756
Radio programming and production	1,869,269
Engineering	2,627,984
Radio engineering	341,465
Network marketing	414,689
Radio marketing	173,339
Management and general	220,665
Radio management	156,389
Capital outlay	509,972
Total expenditures	8,921,528
Net Change in Fund Balance	807,323
Fund Balance, Beginning of Year, as Restated (Note 8)	462,283
Fund Balance, End of Year	\$ 1,269,606



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## 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, 2021

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Net Change in Fund Balances - Governmental Funds		\$ 807,323
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 expense.		
Capital outlay	\$ 509,972	
Depreciation expense	<u>(726,098)</u>	(216,126)
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.		
		2,648
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		
		(290,077)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		
		<u>-</u>
Change in Net Position of Governmental Activities		<u>\$ 303,767</u>

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**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. Complete financial statements for the Friends of Public Broadcasting can be obtained directly from their administrative office.

**Government-Wide and Fund Financial Statements**

The goal of government-wide financial statements is to present a broad overview of 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 Investments**

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, 2021, is 0.011% 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.

**Capital Assets**

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

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

*Government-Wide Statements*

Depreciation of all exhaustible fixed assets is recorded as an unallocated expense in the Statement of Activities, with net capital assets reflected in the Statement of Net Position. 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.

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 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 primarily of 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.

**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.

**Subsequent Events**

The Organization has evaluated subsequent events through Report Date, the date which the financial statements were available to be issued.

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## Note 2 - Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 01, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 107,493	\$ -	\$ -	\$ 107,493
Capital assets, being depreciated				
Buildings	1,516,656	-	-	1,516,656
Machinery and equipment	22,011,918	509,971	-	22,521,889
Total capital assets, being depreciated	23,528,574	509,971	-	24,038,545
Less accumulated depreciation for				
Buildings	737,779	31,932	-	769,711
Machinery and equipment	18,673,291	694,166	-	19,367,457
Total accumulated depreciation	19,411,070	726,098	-	20,137,168
Total capital assets, being depreciated, net	4,117,504	(216,127)	-	3,901,377
Governmental Activities Capital Assets, Net	\$ 4,224,997	\$ (216,127)	\$ -	\$ 4,008,870

All depreciation 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, 2021, was as follows:

	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 620,709	\$ 59,158	\$ 61,806	\$ 618,061	\$ 328,572

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

**Note 4 - Operating Leases**

South Dakota Public Broadcasting has leased land at various locations in the State to construct towers, to locate transmitter buildings, and to set up microwave receivers and antennas. The Organization is obligated under these leases for future payments. Operating leases do not give rise to property rights or the Organization's long-term obligations. Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>		
2022	\$	13,664
2023		8,104
2024		8,104
2025		8,104
2025		8,104
Total minimum lease payments	\$	<u>46,080</u>

Total lease expense for the year ended June 30, 2021 totaled \$22,944.

**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 3<sup>rd</sup> 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 3<sup>rd</sup> 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, 2021, 2020 and 2019 were \$186,355, \$176,873 and \$173,011 respectively, equal to the required contributions each year.

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

At June 30, 2020, SDRS is 100.04% 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, 2021 are as follows:

Proportionate share of net position restricted for pension benefits	\$ 16,511,746
Less proportionate share of total pension liability	<u>16,517,579</u>
Proportionate share of net pension liability (asset)	<u>\$ (5,833)</u>

At June 30, 2021 the Organization reported an asset of \$5,833 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension asset used to calculate the 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, 2020, the Organization's proportion was 0.1385131%, which is a decrease of 0.0043269% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021 the Organization recognized pension expense of \$290,077. At June 30, 2021, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ 22,316	\$ 4,570
Changes in assumption	187,899	757,807
Net difference between projected and actual earnings on pension plan investments	542,188	-
Changes in proportion and difference between Authority contributions and proportionate share of contributions	-	10,587
Contributions subsequent to measurement date	<u>186,355</u>	<u>-</u>
	<u>\$ 938,758</u>	<u>\$ 772,964</u>

Deferred outflows of resources related to pension resulting from the Organization's contributions subsequent to the June 30, 2020 measurement date of \$186,355 will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. 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>	
2022	\$ (70,853)
2023	(53,498)
2024	8,761
2025	<u>101,764</u>
	<u>\$ (13,826)</u>

#### Actuarial Assumptions

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

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

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

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (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
Global equity	58.0%	5.1%
Fixed income	30.0%	1.5%
Real estate	10.0%	6.2%
Cash	2.0%	1.0%
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 at June 30, 2021 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)	\$ 2,262,980	\$ (5,833)	\$ 1,861,678

**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, 2021, 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 - Correction of Error**

Net position, fund balance, and costs incurred for programs not yet broadcast as of July 1, 2020, have been restated to correct errors related to incorrectly recorded. A summary of the changes are presented below.

	<u>Governmental Activities</u>	<u>General Fund</u>
Net Position/Fund Balance - June 30, 2020, as previously reported	\$ 5,238,009	\$ 1,174,764
Restatement		
Overstatement of costs incurred for programs not yet broadcast	<u>(712,481)</u>	<u>(712,481)</u>
Net Position/Fund Balance - July 1, 2020, as restated	<u>\$ 4,525,528</u>	<u>\$ 462,283</u>



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Required Supplementary Information  
June 30, 2021

South Dakota Public Broadcasting



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South Dakota Public Broadcasting  
Schedule of the Proportionate Share of the Net Pension Liability (Asset)  
June 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Organization' proportion of the net pension liability (asset)	0.1385131%	0.1427638%	0.1361028%	0.1393609%	0.1388304%	0.1386452%	0.1343183%
Organization's proportionate share of net pension liability (asset)	\$ (997,930)	\$ (605,502)	\$ (459,742)	\$ (12,647)	\$ (3,238)	\$ (14,693)	\$ (5,833)
Organization's covered payroll	\$ 2,422,217	\$ 2,606,467	\$ 2,738,855	\$ 2,966,307	\$ 3,017,941	\$ 3,028,226	\$ 3,028,226
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%
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%

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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, 2021

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 145,333	\$ 156,388	\$ 155,280	\$ 169,892	\$ 173,169	\$ 173,011	\$ 176,873	\$ 186,355
Contributions in relation to the contractually required contribution	<u>145,333</u>	<u>156,388</u>	<u>155,280</u>	<u>169,892</u>	<u>173,169</u>	<u>173,011</u>	<u>176,873</u>	<u>186,355</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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
Contributions as a percentage of covered payroll	6.00%	6.00%	5.67%	5.73%	5.74%	5.71%	5.75%	5.68%

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**Changes of Benefit Terms**

No significant changes.

**Changes of Assumptions**

Legislation enacted in 2017 modifies the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2018 and exists again for each fiscal year thereafter. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.41% as of June 30, 2020.

The changes in actuarial assumptions decreased the Actuarial Accrued Liability by 4.6% of the Actuarial Accrued Liability based on the 1.41% COLA, reflecting the current and assumed future restricted maximum COLA of 1.88%.

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

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Other Supplementary Information

June 30, 2021

South Dakota Public Broadcasting



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South Dakota Public Broadcasting  
Combining Schedule – Statement of Net Position Information  
June 30, 2021

	South Dakota Public Broadcasting	Friends of SDPB	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,709,768	\$ 377,762	\$ 2,087,530
Investments	-	5,767,058	5,767,058
Other receivables	-	671,922	671,922
Net pension asset	5,833	-	5,833
Capital assets	24,146,038	466,586	24,612,624
Less : accumulated depreciation	<u>(20,137,168)</u>	<u>(156,551)</u>	<u>(20,293,719)</u>
Total assets	<u>5,724,471</u>	<u>7,126,777</u>	<u>12,851,248</u>
<b>Deferred Outflows of Resources</b>			
Pension plans	<u>936,011</u>	-	<u>936,011</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	440,162	134,977	575,139
Long-term liabilities			
Due within one year	328,572	-	328,572
Due in more than one year	<u>289,489</u>	<u>-</u>	<u>289,489</u>
Total liabilities	<u>1,058,223</u>	<u>134,977</u>	<u>1,193,200</u>
<b>Deferred Inflows of Resources</b>			
Pension plans	<u>772,964</u>	-	<u>772,964</u>
<b>Net Position</b>			
Net investment in capital assets	4,008,870	-	4,008,870
Restricted for SDRS pension	168,880	-	168,880
Unassigned	651,545	-	651,545
With donor restrictions - Foundations	-	4,165,754	4,165,754
Without donor restrictions - Board designated	-	2,031,678	2,031,678
Without donor restrictions	<u>-</u>	<u>794,368</u>	<u>794,368</u>
Total net position	<u>\$ 4,829,295</u>	<u>\$ 6,991,800</u>	<u>\$ 11,821,095</u>

South Dakota Public Broadcasting  
Combining Schedule – Statements of Revenue, Expenses and Changes in Net Position Information  
Year Ended June 30, 2021

	South Dakota Public Broadcasting - TV	South Dakota Public Broadcasting - Radio	Friends of SDPB - TV	Friends of SDPB - Radio	Eliminations	Total
<b>Support and Revenue</b>						
General appropriations from the State of South Dakota	\$ 3,514,312	\$ 934,945	\$ -	\$ -	\$ -	\$ 4,449,257
Contributions from Friends of SDPB	681,530	265,039	-	-	(946,569)	-
Donated services and equipment	142,822	35,407	-	-	-	178,229
Community service grants from CPB	2,485,624	154,053	-	-	-	2,639,677
Federal restricted (CARES)	348,945	243,925	-	-	-	592,870
Other	402,886	115,834	-	-	-	518,720
Membership income	-	-	3,240,245	656,470	-	3,896,715
Contributed support	-	-	248,519	134,566	-	383,085
Underwriting income	-	-	370,889	285,705	-	656,594
Special event income	-	-	9,545	9,545	-	19,090
Miscellaneous income	-	-	56,519	49,684	-	106,203
Investment income (including gains and losses)	-	-	82,341	82,341	-	164,682
<b>Total support and revenue</b>	<b>7,576,119</b>	<b>1,749,203</b>	<b>4,008,058</b>	<b>1,218,311</b>	<b>(946,569)</b>	<b>13,605,122</b>
<b>Expenditures</b>						
Programming and production	2,607,756	1,869,269	1,276,394	484,499	(946,569)	5,291,349
Broadcasting and engineering	2,627,984	-	-	-	-	2,627,984
Radio and radio engineering	-	341,465	-	-	-	341,465
Marketing	414,689	173,339	-	-	-	588,028
Management and general	510,743	156,389	447,687	210,676	-	1,325,495
Depreciation	572,996	153,102	-	-	-	726,098
Pension	217,558	72,519	-	-	-	290,077
Fundraising and membership	-	-	497,623	320,683	-	818,306
Underwriting and grant solicitation	-	-	104,781	79,046	-	183,827
Loss on disposal of capital assets	-	-	-	-	-	-
<b>Total expenditures</b>	<b>6,951,726</b>	<b>2,766,083</b>	<b>2,326,485</b>	<b>1,094,904</b>	<b>(946,569)</b>	<b>12,192,629</b>
<b>Total Support and Revenue in Excess of (Less Than) Expenditures</b>	<b>624,393</b>	<b>(1,016,880)</b>	<b>1,681,573</b>	<b>123,407</b>	<b>-</b>	<b>1,412,493</b>
<b>Fund Balances, Beginning of Year</b>	<b>4,447,666</b>	<b>77,862</b>	<b>3,231,817</b>	<b>1,955,003</b>	<b>-</b>	<b>9,712,348</b>
<b>Fund Balances, End of Year</b>	<b>\$ 5,072,059</b>	<b>\$ (939,018)</b>	<b>\$ 4,913,390</b>	<b>\$ 2,078,410</b>	<b>\$ -</b>	<b>\$ 11,124,841</b>

1/5/22

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.



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1/5/22

Additional Reports

June 30, 2021

South Dakota Public Broadcasting



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

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, the financial statements of the governmental activities, the discretely presented component unit, and the major fund of South Dakota Public Broadcasting, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated Report Date.

**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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

**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*.

**South Dakota Public Broadcasting's Response to Findings**

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

**Purpose of this Report**

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

Sioux Falls, South Dakota  
Report Date

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**2021-001      Preparation of Financial Statements and Material Adjustments, including the Correction of an Error  
Material Weakness**

*Criteria:* Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

*Condition:* South Dakota Public Broadcasting does not have an internal control system designed to provide for the preparation of the financial statements being audited. We were requested to draft the financial statements and accompanying notes to the financial statements. In addition, we proposed a material audit adjustment for pension-related items.

*Cause:* South Dakota Public Broadcasting had accounting and management transitions that occurred throughout the year and current staffing limits do not provide sufficient resources to follow and calculate pension-related account balances.

*Effect:* This deficiency results in a reasonable possibility that the Entity would not be able to draft the financial statements and accompanying notes to the financial statements that are correct without the assistance of the auditors.

*Recommendation:* While we recognize that this condition is not unusual for an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial accounting and reporting requirements of South Dakota Public Broadcasting as well as changes in these requirements.

*Views of Responsible Officials:* Management agrees with the finding.

**2021-002      Segregation of Duties  
Material Weakness**

*Criteria:* An effective system of internal controls depends on an adequate segregation of duties with respect to the execution and recording of transactions, as well as the custody of an entity's assets. Accordingly, an effective system of internal control will be designed such that these functions are performed by different employees, so that no one individual handles a transaction from its inception to its completion.

*Condition:* South Dakota Public Broadcasting has a limited number of office personnel, which prevents an ideal segregation of duties for controls over financial reporting. The oversight and review process by management for various account reconciliations such as pension liabilities, fund balance, and net position is not formally documented.

*Cause:* Management oversight is done on an informal basis. South Dakota Public Broadcasting had turnover in the accounting and finance department and related responsibilities within the department.

*Effect:* The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatement, or both.

*Recommendation:* Management and the Board should continually be aware of the financial accounting and reporting requirements of South Dakota Public Broadcasting. Under this situation, the most effective control is the board's oversight and knowledge of matters relating to the operations of South Dakota Public Broadcasting.

*Views of Responsible Officials:* Management agrees with the finding.