

Dakota Valley School District No. 61-8

**Independent Auditor's Report
and Financial Statements**

**For the Year Ended
June 30, 2024**

Dakota Valley School District No. 61-8

School District Officials

June 30, 2024

Board Members

Steve Kistner ----- Board President

Jeff Dooley -----Vice President

Andrew Nilges ----- Member

Matt Thompson ----- Member

Sara Weber ----- Member

Dr. Tonia Warzecha-----Superintendent

Jill Sponder -----Business Manager

Dakota Valley School District No. 61-8

Table of Contents

	Page
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	1-2
Schedule of Prior and Current Audit Findings -----	3
Independent Auditor's Report -----	4-6
Management Discussion and Analysis (MD&A) -----	7-15
Government-Wide Financial Statements	
Statement of Net Position-----	16
Statement of Activities-----	17
Fund Financial Statements	
Governmental Funds:	
Balance Sheet-----	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-----	19
Statement of Revenues, Expenditures and Changes in Fund Balances-----	20-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-----	23
Proprietary Funds:	
Statement of Net Position-----	24
Statement of Revenues, Expenses and Changes in Net Position-----	25
Statement of Cash Flows-----	26
Fiduciary Funds:	
Statement of Net Position-----	27
Statement of Changes in Fiduciary Net Position-----	28
Notes to the Financial Statements -----	29-53
Required Supplementary Information -----	54
Budgetary Comparison Schedule - General Fund - Budgetary Basis-----	55-56
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis-----	57
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis-----	58
Notes to the Required Supplementary Information – Budgetary Comparison Schedules-----	59
Schedule of the Proportionate Share of the Net Pension Liability (Asset)-----	60
Schedule of the School District Contributions-----	61
Notes to Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions-----	62



**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***

School Board
Dakota Valley School District No. 61-8
Union County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dakota Valley School District No. 61-8, South Dakota (School District), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 29, 2025, which was qualified because the long-term financial obligations and commitments related to other postemployment benefits was not recorded.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Prior and Current Audit Findings, as item 2024-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit. The School District's response to the findings identified in our audit are described in the accompanying Schedule of Prior and Current Audit Findings. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

A handwritten signature in dark ink, appearing to read "CIO of Elk Point".

Elk Point, South Dakota
January 29, 2025

Dakota Valley School District No. 61-8
Schedule of Prior and Current Audit Findings
Year Ended June 30, 2024

Prior Audit Findings

Finding Number 2023-001 – Internal Control Finding

A significant deficiency in internal controls was disclosed by our audit for lack of proper segregation of duties for revenues and expenditures. This finding has not been corrected and is being restated as current finding number 2024-001.

Finding Number 2023-002 – Compliance Finding

A material weakness was reported for budgeted expenditures exceeding the budgeted total means of finance for the Special Education Fund. This finding has since been resolved and will not be restated.

Current Audit Findings

Finding Number 2024-001 – Internal Control Finding

Significant Deficiency

There is a significant deficiency resulting from a lack of segregation of duties.

Criteria: The internal control system of a school can help assist in increased reliability of reported financial data, compliance with laws and regulations, and decreased potential for loss of public records.

Condition: The School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue and expenditure functions because of a lack of segregation of duties.

Cause: The School District has insufficient number of staff to adequately separate duties.

Effect: As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Recommendation: We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. We recommend that management attempt to provide compensating internal controls whenever, and wherever, possible, and practical.

Management's Response: Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.



Independent Auditor's Report

School Board
Dakota Valley School District No. 61-8
Union County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dakota Valley School District No. 61-8, South Dakota (School District), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, except for the matters described in the "Basis for Qualified and Unmodified Opinions" section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dakota Valley School District No. 61-8 as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Management has elected not to record the long-term financial obligations and commitments related to other postemployment benefits (OPEB) in the governmental activities Statement of Net Position. Accounting principles generally accepted in the United States of America require OPEB costs to be recognized and reported in a systematic, accrual-basis measurement over a period that approximates employees' years of services, which would most likely increase long-term liabilities and expenditures and decrease net position in the governmental activities Statement of Net Position.

Accounting principles generally accepted in the United States of America also require information to be provided about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made in funding the plan. The amount by which this departure would affect the liabilities, net position, and expenditures of the governmental activities is not reasonably determinable.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District Contributions, and the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Elk Point LLC", is written in a cursive, stylized script.

Elk Point, South Dakota
January 29, 2025

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2024

This section of Dakota Valley School District No. 61-8's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended on June 30, 2024. Please read it in conjunction with the School District's financial statements, which follow this section.

Financial Highlights

During the year, the district generated revenue of \$13,162,198 from taxes and \$5,963,893 from other revenue sources of the governmental fund activities. The district had a total expense of \$18,270,463 of the governmental funds activities resulting in a net increase of \$855,628. There was a total of \$835,818 revenue generated from business-type funds and \$921,280 in expenses of the business-type funds. That was a net decrease of \$88,480 in the food service fund and a net increase of \$3,018 in the driver's education fund.

Overview of the Financial Statements

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

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the District's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The only proprietary funds operated by the school are the Food Service Operation and the Other Enterprise fund which consists of driver's education.
- Fiduciary fund statements provide information about the financial relationships - like scholarship plans for graduating students - in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2024

Figure A-1 summarizes the major features of the School's financial statements, including the portion of the School government covered and the types of information contained. The reminder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of the School's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the School operates similar to private businesses, the food service operation and drivers' education program.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, • Expenditures and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	• Accrual accounting and economic resources focus	• Modified accrual accounting and current financial resources focus	• Accrual accounting and economic resources focus	• Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2024

Government-Wide Statements

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

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

- Increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional non-financial factors such as changes in the District's property tax base and changes in the state school aid funding formula from the State of South Dakota.

The government-wide financial statements of the District are reported in two categories:

- **Governmental Activities** - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The school charges a fee to students to help cover the costs of providing hot lunch services to all students. The school also charges a Driver's Education Fee to pay for the costs incurred with providing a Driver's education program which is offered to anyone. These two funds are the only business-type activities of the School.

Fund Financial Statements

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

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes (like the Scholarship Trust).

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2024

The School has three kinds of funds:

- **Governmental Funds** – Most of the District’s basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. Two proprietary funds are operated by the School: Food Service and Driver’s Education.
- **Fiduciary Funds** – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the School cannot use these assets to finance its operations.

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2024

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
Dakota Valley School District 61-8
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	2023-2024
Current and Other Assets	\$17,230,064	\$18,881,592	\$ 736,248	\$ 554,595	\$17,966,312	\$19,436,187	8.18%
Capital Assets (Net of Depreciation)	37,158,244	35,757,548	152,115	186,370	37,310,359	35,943,918	-3.66%
Total Assets	54,388,308	54,639,140	888,363	740,965	55,276,671	55,380,105	0.19%
Pension Related Deferred Outflows	3,021,020	2,758,715	--	--	3,021,020	2,758,715	-8.68%
Total Deferred Outflows or Resources	3,021,020	2,758,715	--	--	3,021,020	2,758,715	-8.68%
Long-Term Liabilities Outstanding	26,305,768	25,164,985	--	--	26,305,768	25,164,985	-4.34%
Other Liabilities	1,362,373	1,548,486	74,778	12,842	1,437,151	1,561,328	8.64%
Total Liabilities	27,668,141	26,713,471	74,778	12,842	27,742,919	26,726,313	-3.66%
Taxes Levied for Future Period	5,462,529	5,688,892	--	--	5,462,529	5,688,892	4.14%
Pension Related Deferred Inflows	1,761,900	1,623,106	--	--	1,761,900	1,623,106	-7.88%
Total Deferred Inflows of Resources	7,224,429	7,311,998	--	--	7,224,429	7,311,998	1.21%
Net Investment in Capital Assets	11,042,640	10,707,832	152,115	186,370	11,194,755	10,894,202	-2.68%
Restricted	8,418,258	9,612,111	--	--	8,418,258	9,612,111	14.18%
Unrestricted	3,055,860	3,052,443	661,470	541,753	3,717,330	3,594,196	-3.31%
Total Net Position	22,516,758	23,372,386	813,585	728,123	23,330,343	24,100,509	3.30%
Beginning Net Position	21,641,070	22,516,758	763,646	813,585	22,404,716	23,330,343	4.13%
Increase (Decrease) in Net Position	\$ 875,688	\$ 855,628	\$ 49,939	\$ (85,462)	\$ 925,627	\$ 770,166	16.80%
Percentage of Increase (Decrease) in Net Position	4.05%	3.80%	6.54%	-10.50%	4.13%	3.30%	

This section is used to explain the differences between the current and prior year's assets, liabilities, and changes in net position.

The Statement of Net position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the school, consisting of general obligation bonds payable, compensated absences, direct borrowing notes, and intangible lease liabilities have been reported in this manner on the Statement of Net position. The difference between the District's assets and liabilities is its net position.

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2024

Changes in Net Position

This section will show condensed financial comparison of revenues and expenses and provide explanations for significant differences. The District's total revenues totaled \$19,961,909. Approximately 66% of the District's revenue comes from property and other taxes, with another 26% coming from state aid and other state sources. (See Table A-2).

Table A-2
Dakota Valley School District 61-8
Sources of Revenues
Fiscal Year 2023-2024

Taxes	\$ 13,162,198	65.94%
State Sources	5,122,229	25.66%
Operating Grants & Contributions	725,026	3.63%
Charges For Services	687,014	3.44%
Other General Revenues	255,112	1.28%
Unrestricted Investment Earnings	<u>10,330</u>	<u>0.05%</u>
Total Revenue	<u>\$ 19,961,909</u>	<u>100.00%</u>

The total cost of all functional programs and services increased by \$1,148,193 or approximately 6.36%. The District's expenses cover a range of services encompassing instruction, support services and food services. (See Table A-3).

Table A-3
Dakota Valley School District 61-8
Statement of Expenditures
Fiscal Year 2023-2024

Instruction	\$ 9,963,596	51.91%
Support Services	6,363,567	33.16%
Interest - on Long-Term Debt	882,952	4.60%
Cocurricular Activities	1,060,348	5.53%
Food Service	903,898	4.71%
Other Enterprise	<u>17,382</u>	<u>0.09%</u>
Total Expenditures	<u>\$ 19,191,743</u>	<u>100.00%</u>

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2024

Governmental and Business-Type Activities

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the School:

Table A-4
Dakota Valley School District 61-8
Statement of Net Position

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	
Revenues							
Program Revenues							
Charge for Services	\$ 232,258	\$ 90,131	\$ 638,456	\$ 596,883	\$ 870,714	\$ 687,014	-21.10%
Operating Grants/ Contributions	940,310	487,906	292,704	237,120	1,233,014	725,026	-41.20%
General Revenues							
Taxes	11,936,245	13,162,198	--	--	11,936,245	13,162,198	10.27%
Revenue State Sources	4,711,325	5,122,229	--	--	4,711,325	5,122,229	8.72%
Other general revenues	209,695	255,112	--	--	209,695	255,112	21.66%
Unrestricted Investment Earnings	7,460	8,515	724	1,815	8,184	10,330	26.22%
	<u>18,037,293</u>	<u>19,126,091</u>	<u>931,884</u>	<u>835,818</u>	<u>18,969,177</u>	<u>19,961,909</u>	<u>5.23%</u>
Expenses							
Instruction	9,509,900	9,963,596	--	--	9,509,900	9,963,596	4.77%
Support Services	5,778,739	6,363,567	--	--	5,778,739	6,363,567	10.12%
Interest on long-term debt	898,474	882,952	--	--	898,474	882,952	-1.73%
Co-curricular Activities	974,492	1,060,348	--	--	974,492	1,060,348	8.81%
Food Service	--	--	863,445	903,898	863,445	903,898	4.69%
Other Enterprise	--	--	18,500	17,382	18,500	17,382	-6.04%
	<u>17,161,605</u>	<u>18,270,463</u>	<u>881,945</u>	<u>921,280</u>	<u>18,043,550</u>	<u>19,191,743</u>	<u>6.36%</u>
Increase (Decrease) in Net Position	875,688	855,628	49,939	(85,462)	925,627	770,166	-16.80%
Beginning Net Position	<u>21,641,070</u>	<u>22,516,758</u>	<u>763,646</u>	<u>813,585</u>	<u>22,404,716</u>	<u>23,330,343</u>	<u>4.13%</u>
Ending Net Position	<u>\$ 22,516,758</u>	<u>\$ 23,372,386</u>	<u>\$ 813,585</u>	<u>\$ 728,123</u>	<u>\$ 23,330,343</u>	<u>\$ 24,100,509</u>	<u>3.30%</u>

Governmental Activities

Revenues for the School's governmental activities increased approximately 6.03% while expenses for governmental activities increased by approximately 6.46%. Revenues had an increase mainly due to the increase in taxes and revenue from state sources. Expenses mainly increased in support services and instruction.

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2024

Business-Type Activities

Revenues of the District's business-type activities decrease by \$96,066 or 10.31%, and expenses increased by \$39,335 or approximately 4.46%. Factors contributing to these results include an increase in operating grants/contributions, along with increased expenditures in food service.

Financial Analysis of the District's Funds

The General Fund had a decrease of \$69,434 in its fund balance for fiscal year 2024. The ending fund balance for the General Fund was \$3,140,313. The district requested 100% of the available \$600,000 Opt Out that was adopted in 2001 for taxes payable in 2002 and beyond. The District is under no obligation to request all or any of the additional tax request, however, because these funds have been budgeted for recurring expenses (i.e. salaries and programs), the District will continue utilizing this additional tax levy into the foreseeable future. The Capital Outlay Fund increased by \$740,350 and had an ending fund balance of 4,583,451. The Special Education Fund had an increase of \$23,375, ending with a fund balance of \$634,962.

Budgetary Highlights

Over the course of the year, the School Board did not revise the District's budget.

Capital Asset Administration

By the end of 2024, the School had invested \$35,943,918 (net of depreciation) in a broad range of capital assets, including, land, construction in progress, buildings, various machinery and equipment. (See Table A-5) This amount represents a net decrease (including additions, deletions and depreciation) of \$1,366,441 from the previous year.

Table A-5
Capital Assets
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2023	2024	2023	2024		
Land	\$ 625,964	\$ 625,964	\$ --	\$ --	\$ --	0.00%
Construction in progress	--	102,880	--	--	102,880	100.00%
Buildings & Improvements	35,461,729	34,074,911	--	--	(1,386,818)	-3.91%
Machinery & Equipment	822,342	751,810	152,115	186,370	(36,277)	-3.72%
Intangible Lease Assets	54,597	1	--	--	(54,596)	-100.00%
Library Books	193,612	201,982	--	--	8,370	4.32%
Total Capital Assets	<u>\$ 37,158,244</u>	<u>\$ 35,757,548</u>	<u>\$ 152,115</u>	<u>\$ 186,370</u>	<u>\$ (1,366,441)</u>	<u>-3.66%</u>

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2024

Long-Term Debt

At year-end, the School had \$25,164,985 in general long-term obligations. This balance includes General Obligation Bonds, Unamortized Premiums, Direct Borrowings, Compensated Absences, and Leases. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar	Total %
	2023	2024	Change	Change
General Obligation Bonds	\$ 24,615,000	\$ 23,690,000	\$ (925,000)	-3.76%
Plus: Unamortized Premiums	1,381,891	1,305,119	(76,772)	-5.56%
Intangible Lease Liabilities	109,193	54,597	(54,596)	-50.00%
Direct Borrowing	9,520	--	(9,520)	-100.00%
Accrued Compensated Absences	190,164	115,269	(74,895)	-39.38%
Total Outstanding Debt	<u>\$ 26,305,768</u>	<u>\$ 25,164,985</u>	<u>\$ (1,140,783)</u>	<u>-4.34%</u>

The District has a certain amount of compensated absence liability at the end of each fiscal year. Teachers and administrators may sell unused sick leave to the District according to established policies.

Economic Factors and Next Year's Budgets and Rates

The State of South Dakota establishes funding for schools by apportioning funds from their General Fund Budget in the form of aid to education. This funding is now calculated based on the number of teachers needed and a target teacher salary.

The District's enrollment decreased from 1,387 in FY23 to 1,341 in FY24.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Dakota Valley Business Office, 1150 Northshore Drive, North Sioux City, SD 57049 or call (605) 422-3800 between 8:00 am and 4:00 pm, Monday – Friday.

Dakota Valley School District No. 61-8
Statement of Net Position – Government-Wide
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 12,490,783	\$ 518,414	\$ 13,009,197
Investments-certificates of deposit	381,680	--	381,680
Taxes receivable	5,751,652	--	5,751,652
Inventories	--	155	155
Other assets	225,329	36,026	261,355
Net pension asset	32,148	--	32,148
Capital assets:			
Land and construction in progress	728,844	--	728,844
Other capital assets, net	35,028,704	186,370	35,215,074
Total Assets	54,639,140	740,965	55,380,105
Deferred Outflows of Resources:			
Pension-related deferred outflows	2,758,715	--	2,758,715
Total Deferred Outflows of Resources	2,758,715	--	2,758,715
Liabilities:			
Unearned revenue	--	10,689	10,689
Other current liabilities	1,548,486	2,153	1,550,639
Long-term liabilities:			
Due within one year	1,231,638	--	1,231,638
Due in more than one year	23,933,347	--	23,933,347
Total Liabilities	26,713,471	12,842	26,726,313
Deferred Inflows of Resources:			
Taxes levied for future periods	5,688,892	--	5,688,892
Pension related deferred inflows	1,623,106	--	1,623,106
Total Deferred Inflows of Resources	7,311,998	--	7,311,998
Net Position:			
Net investment in capital assets	10,707,832	186,370	10,894,202
Restricted for:			
Capital outlay	4,598,878	--	4,598,878
Special education	643,888	--	643,888
Debt service	2,819,908	--	2,819,908
Science center	381,680	--	381,680
SDRS pension purposes	1,167,757	--	1,167,757
Unrestricted	3,052,443	541,753	3,594,196
Total Net Position	\$ 23,372,386	\$ 728,123	\$ 24,100,509

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8
Statement of Activities – Government-Wide
June 30, 2024

				Net (Expenses) Revenues and Changes in Net Position		
		Program Revenues		Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction	\$ 9,963,596	\$ --	\$ 487,906	\$ (9,475,690)	\$ --	\$ (9,475,690)
Support services	6,363,567	3,734	--	(6,359,833)	--	(6,359,833)
Interest on long-term debt*	882,952	--	--	(882,952)	--	(882,952)
Cocurricular activities	1,060,348	86,397	--	(973,951)	--	(973,951)
Total Governmental Activities	18,270,463	90,131	487,906	(17,692,426)	--	(17,692,426)
Business-Type Activities:						
Food service	903,898	576,483	237,120	--	(90,295)	(90,295)
Other enterprise	17,382	20,400	--	--	3,018	3,018
Total Business Type Activities	921,280	596,883	237,120	--	(87,277)	(87,277)
Total Primary Government	\$ 19,191,743	\$ 687,014	\$ 725,026	(17,692,426)	(87,277)	(17,779,703)
General Revenues:						
Taxes:						
Property taxes				13,095,681	--	13,095,681
Gross receipts taxes				66,517	--	66,517
Revenue from State Sources:						
State aid				5,010,390	--	5,010,390
Other				111,839	--	111,839
Unrestricted investment earnings				8,515	1,815	10,330
Other general revenues				255,112	--	255,112
Total General Revenues				18,548,054	1,815	18,549,869
Change in Net Position				855,628	(85,462)	770,166
Net Position - Beginning of Year				22,516,758	813,585	23,330,343
Net Position - End of Year				\$ 23,372,386	\$ 728,123	\$ 24,100,509

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

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8

Balance Sheet – Governmental Funds

June 30, 2024

	General	Capital Outlay	Special Education	Bond Redemption Funds	Science Center Fund	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 4,274,952	\$ 4,708,771	\$ 697,500	\$ 2,809,560	\$ --	\$ 12,490,783
Investments-certificates of deposit	--	--	--	--	381,680	381,680
Accounts receivable	3,616	--	--	--	--	3,616
Taxes receivable - current	2,441,429	1,395,385	862,769	989,309	--	5,688,892
Taxes receivable - delinquent	27,399	15,427	8,926	11,008	--	62,760
Due from other governments	119,781	--	101,932	--	--	221,713
Total Assets	<u>\$ 6,867,177</u>	<u>\$ 6,119,583</u>	<u>\$ 1,671,127</u>	<u>\$ 3,809,877</u>	<u>\$ 381,680</u>	<u>\$ 18,849,444</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 83,405	\$ 125,320	\$ 2,292	\$ 660	\$ --	\$ 211,677
Contracts payable	938,990	--	127,535	--	--	1,066,525
Payroll deductions and withholding and employer matching payable	235,641	--	34,643	--	--	270,284
Total Liabilities	<u>1,258,036</u>	<u>125,320</u>	<u>164,470</u>	<u>660</u>	<u>--</u>	<u>1,548,486</u>
Deferred Inflows of Resources:						
Taxes levied for future period	2,441,429	1,395,385	862,769	989,309	--	5,688,892
Delinquent taxes not available	27,399	15,427	8,926	11,008	--	62,760
Total Deferred Inflows of Resources	<u>2,468,828</u>	<u>1,410,812</u>	<u>871,695</u>	<u>1,000,317</u>	<u>--</u>	<u>5,751,652</u>
Fund Balances:						
Restricted:						
For capital outlay	--	4,583,451	--	--	--	4,583,451
For special education	--	--	634,962	--	--	634,962
For science center	--	--	--	--	381,680	381,680
For debt service	--	--	--	2,808,900	--	2,808,900
Unassigned	3,140,313	--	--	--	--	3,140,313
Total Fund Balances	<u>3,140,313</u>	<u>4,583,451</u>	<u>634,962</u>	<u>2,808,900</u>	<u>381,680</u>	<u>11,549,306</u>
Total Liabilities and Fund Balances	<u>\$ 6,867,177</u>	<u>\$ 6,119,583</u>	<u>\$ 1,671,127</u>	<u>\$ 3,809,877</u>	<u>\$ 381,680</u>	<u>\$ 18,849,444</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds	\$ 11,549,306
--	---------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	35,757,548
--	------------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Intangible Lease Liability	(54,597)	
GO Bonds	(24,995,119)	
Compensated Absences	<u>(115,269)</u>	(25,164,985)

Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:

Delinquent Property Taxes Receivable	62,760
--------------------------------------	--------

Proportionate Share of Net Pension Asset	32,148
--	--------

Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds.	(1,623,106)
---	-------------

Pension related deferred outflows are components of non current assets and therefore are not reported in the funds.	<u>2,758,715</u>
---	------------------

Net Position - Governmental Activities	<u><u>\$ 23,372,386</u></u>
--	-----------------------------

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8

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

June 30, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption Funds</u>	<u>Science Center Fund</u>	<u>Total Governmental Funds</u>
Revenues						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 5,640,020	\$ 3,216,782	\$ 1,912,212	\$ 2,281,240	\$ --	\$ 13,050,254
Prior years' ad valorem taxes	18,594	6,132	3,430	4,377	--	32,533
Utility taxes	66,517	--	--	--	--	66,517
Earnings on Investments and Deposits	8,515	--	--	--	--	8,515
Tuition and Fees:						
Regular day school transportation fees	3,734	--	--	--	--	3,734
Cocurricular Activities:						
Admissions	62,278	--	--	--	--	62,278
Other student activity income	24,119	--	--	--	--	24,119
Other Revenue from Local Sources:						
Contributions and donations	11,694	--	--	--	--	11,694
Charges for services	--	--	7,746	--	--	7,746
Other	54,882	--	--	--	--	54,882
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	180,790	--	--	--	--	180,790
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	5,010,390	--	--	--	--	5,010,390
Restricted grants-in-aid	17,144	--	94,695	--	--	111,839
Revenue from Federal Sources:						
Grants-in-Aid:						
Restricted grants-in-aid received from federal government through the state	171,242	42,900	273,764	--	--	487,906
Total Revenues	<u>\$ 11,269,919</u>	<u>\$ 3,265,814</u>	<u>\$ 2,291,847</u>	<u>\$ 2,285,617</u>	<u>\$ --</u>	<u>\$ 19,113,197</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8

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

June 30, 2024 (Continued)

	General	Capital Outlay	Special Education	Bond Redemption Funds	Science Center Fund	Total Governmental Funds
Expenditures						
Instructional Services:						
Regular Programs:						
Elementary	\$ 2,013,503	\$ 104,087	\$ --	\$ --	\$ --	\$ 2,117,590
Middle/junior high	2,106,146	130,867	--	--	--	2,237,013
High school	2,060,856	125,863	--	--	--	2,186,719
Special Programs:						
Programs for special education	--	--	1,643,656	--	--	1,643,656
Culturally different	212,258	--	--	--	--	212,258
Educationally deprived	208,441	--	--	--	--	208,441
Other special programs	71,472	--	--	--	--	71,472
Support Services:						
Students:						
Guidance	328,432	--	--	--	--	328,432
Health	100,440	--	--	--	--	100,440
Psychological	--	--	94,922	--	--	94,922
Speech pathology	--	--	260,543	--	--	260,543
Student therapy services	--	--	106,255	--	--	106,255
Instructional Staff:						
Improvement of instruction	72,618	--	--	--	--	72,618
Educational media	447,754	171,093	--	--	--	618,847
General Administration:						
Board of education	275,831	--	--	--	--	275,831
Executive administration	191,579	--	--	--	--	191,579
School Administration:						
Office of the principal	823,959	--	--	--	--	823,959
Other	133	--	--	--	--	133
Business:						
Fiscal services	251,923	74,445	--	--	--	326,368
Operation and maintenance of plant	1,302,083	679,840	--	--	--	1,981,923
Student transportation	536,048	154,104	--	--	--	690,152
Internal Services	107,968	--	--	--	--	107,968

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8

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

June 30, 2024 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption Funds</u>	<u>Science Center Fund</u>	<u>Total Governmental Funds</u>
Special Education:						
Administrative costs	--	--	162,243	--	--	162,243
Transportation costs	--	--	853	--	--	853
Central:						
Staff	6,062	--	--	--	--	6,062
Debt Services	--	193,230	--	1,755,610	--	1,948,840
Cocurricular Activities:						
Male activities	123,630	--	--	--	--	123,630
Female activities	122,473	--	--	--	--	122,473
Transportation	136,951	--	--	--	--	136,951
Combined activities	338,793	106,446	--	--	--	445,239
Capital Outlay	--	285,489	--	--	--	285,489
Total Expenditures	<u>11,839,353</u>	<u>2,025,464</u>	<u>2,268,472</u>	<u>1,755,610</u>	<u>--</u>	<u>17,888,899</u>
Excess of Revenue Over (Under) Expenditures	(569,434)	1,240,350	23,375	530,007	--	1,224,298
Other Financing Sources (Uses):						
Transfer in	500,000	--	--	--	--	500,000
Transfer out	--	(500,000)	--	--	--	(500,000)
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>(500,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(69,434)	740,350	23,375	530,007	--	1,224,298
Fund Balance, Beginning of Year	<u>3,209,747</u>	<u>3,843,101</u>	<u>611,587</u>	<u>2,278,893</u>	<u>381,680</u>	<u>10,325,008</u>
Fund Balance, End of Year	<u>\$ 3,140,313</u>	<u>\$ 4,583,451</u>	<u>\$ 634,962</u>	<u>\$ 2,808,900</u>	<u>\$ 381,680</u>	<u>\$ 11,549,306</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 1,224,298

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

This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.

285,489

The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources.

(1,686,185)

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.

GO Bond

1,001,772

Direct Borrowing Notes

9,520

Intangible Lease Liability

54,596

1,065,888

The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."

12,894

Governmental funds do not reflect the change in early retirement liabilities but the Statement of Activities reflects the change in these accruals through expenses.

74,895

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

(121,651)

Change in net position of governmental activities

\$ 855,628

Dakota Valley School District No. 61-8
Statement of Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 487,757	\$ 30,657	\$ 518,414
Accounts receivable, net	22,657	--	22,657
Due from other government	13,369	--	13,369
Inventory of donated food	155	--	155
Total Current Assets	<u>523,938</u>	<u>30,657</u>	<u>554,595</u>
Noncurrent Assets:			
Machinery and equipment - local funds	522,352	--	522,352
Less accumulated depreciation	<u>(335,982)</u>	<u>--</u>	<u>(335,982)</u>
Total Noncurrent Assets	<u>186,370</u>	<u>--</u>	<u>186,370</u>
Total Assets	<u>\$ 710,308</u>	<u>\$ 30,657</u>	<u>\$ 740,965</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 24	\$ 319	\$ 343
Contracts payable	--	1,218	1,218
Accrued payroll expenses	--	592	592
Unearned revenue	10,689	--	10,689
Total Current Liabilities	<u>10,713</u>	<u>2,129</u>	<u>12,842</u>
Net Position:			
Net investment in capital assets	186,370	--	186,370
Unrestricted net position	<u>513,225</u>	<u>28,528</u>	<u>541,753</u>
Total Net Position	<u>\$ 699,595</u>	<u>\$ 28,528</u>	<u>\$ 728,123</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Operating Revenue:			
Food Sales:			
Student	\$ 355,276	\$ --	\$ 355,276
Adult	26,207	--	26,207
A la carte	195,000	--	195,000
Other charges for goods and services	--	20,400	20,400
Total Operating Revenue	<u>576,483</u>	<u>20,400</u>	<u>596,883</u>
Operating Expenses:			
Food Service:			
Salaries	38,208	14,169	52,377
Employee benefits	9,249	1,934	11,183
Purchased services	792,087	--	792,087
Supplies	14,315	1,279	15,594
Cost of sales - donated	25,452	--	25,452
Depreciation	24,587	--	24,587
Total Operating Expenses	<u>903,898</u>	<u>17,382</u>	<u>921,280</u>
Operating Income(Loss)	<u>(327,415)</u>	<u>3,018</u>	<u>(324,397)</u>
Nonoperating Revenues/Expenses:			
Investment Earnings	1,815	--	1,815
State grants	1,642	--	1,642
Federal grants	213,441	--	213,441
Donated food	22,037	--	22,037
Total Nonoperating Revenue/ (Expenses)	<u>238,935</u>	<u>--</u>	<u>238,935</u>
Change in Net Position	(88,480)	3,018	(85,462)
Net Position - Beginning of Year	<u>788,075</u>	<u>25,510</u>	<u>813,585</u>
Net Position - End of Year	<u>\$ 699,595</u>	<u>\$ 28,528</u>	<u>\$ 728,123</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8
Statement of Cash Flows – Proprietary Funds
June 30, 2024

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 581,361	\$ 20,400	\$ 601,761
Cash payments to suppliers	(873,167)	(960)	(874,127)
Cash payments to employees	(47,457)	(16,471)	(63,928)
Net Cash (Used) by Operating Activities	(339,263)	2,969	(336,294)
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	1,642	--	1,642
Cash reimbursements - federal	200,072	--	200,072
Net Cash Provided by Noncapital Financing Activities	201,714	--	201,714
Cash Flows from Capital and related Financing Activities:			
Purchase of capital assets	(58,842)	--	(58,842)
Net Cash Provided by Noncapital Financing Activities	(58,842)	--	(58,842)
Cash Flows from Investing Activities:			
Investment Earnings	1,815	--	1,815
Net Cash Provided by Investing Activities	1,815	--	1,815
Net Change in Cash and Cash Equivalents	(194,576)	2,969	(191,607)
Cash and Cash Equivalents, Beginning of Year	682,333	27,688	710,021
Cash and Cash Equivalents, End of Year	<u>\$ 487,757</u>	<u>\$ 30,657</u>	<u>\$ 518,414</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (327,415)	\$ 3,018	\$ (324,397)
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities:			
Depreciation expense	24,587	--	24,587
Value of commodities used	25,452	--	25,452
Change in Assets and Liabilities:			
Deferred revenue	4,878	--	4,878
Contracts payable	--	(324)	(324)
Accrued payroll expenses	--	(44)	(44)
Accounts payable	(66,765)	319	(66,446)
Net Cash (Used) by Operating Activities	<u>\$ (339,263)</u>	<u>\$ 2,969</u>	<u>\$ (336,294)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 22,037</u>	<u>\$ --</u>	<u>\$ 22,037</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8
Statement of Net Position – Fiduciary Funds
June 30, 2024

	Private-Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ --	\$ 34,256
Investments-certificates of deposit	16,040	--
Accounts receivable	--	35,125
	<u> </u>	<u> </u>
Total Assets	<u>\$ 16,040</u>	<u>\$ 69,381</u>
Liabilities:		
Accounts payable	\$ --	\$ 17,134
	<u> </u>	<u> </u>
Net Position:		
Restricted for:		
Scholarships	\$ 16,040	\$ --
Individuals, organizations, and other governments	--	52,247
	<u> </u>	<u> </u>
Total Net Position	<u>\$ 16,040</u>	<u>\$ 52,247</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2024

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
Additions:		
Collections for student activities	\$ --	\$ 133,052
Total Additions	<u> --</u>	<u> 133,052</u>
Deductions:		
Payments for student activities	<u> --</u>	<u> 170,718</u>
Total Deductions	<u> --</u>	<u> 170,718</u>
Change in Net Position	<u> --</u>	<u> (37,666)</u>
Net Position - Beginning	<u> 16,040</u>	<u> 89,913</u>
Net Position - Ending	<u><u> \$ 16,040</u></u>	<u><u> \$ 52,247</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies:

The accounting policies of the School District conform to generally accepted accounting principles applicable to government entities in the United States of America.

a. Financial Reporting Entity:

The reporting entity of Dakota Valley School District No. 61-8, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District does not have any component units.

b. Government-Wide and Fund Financial Statements:

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

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

The funds of the School District financial reporting entity are described below within their respective fund types:

Governmental Funds:

General Fund – A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding the capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Outlay Fund – A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

Special Education Fund – A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the District. This fund is financed by grants and property taxes. This is a major fund.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Science Center Fund – A fund established for the purpose of accounting for other special revenue intended of the building of a new science center. This is a major fund.

Debt Service Funds – Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The High School Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. This is a major fund.

The Elementary School Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. This is a major fund.

The New High School Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. This is a major fund.

Proprietary Funds:

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

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)
2. Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Dakota Valley School District No. 61-8
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Food Service Fund – A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Other Enterprise Fund – A fund used to record financial transactions related to driver's education conducted for the benefit of the children. This fund is financed by user charges and grants. This is a major fund.

Fiduciary Funds:

Fiduciary Funds consist of the following sub-categories and are never considered to be major funds:

Private Purpose Trust Funds – Trust funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only the following private-purpose trust funds: four scholarships.

Custodial Fund Types – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The district maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and so on.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-Wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Dakota Valley School District No. 61-8
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Basis of Accounting:

Government-Wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Dakota Valley School District No. 61-8, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2024 are due from other governments for grants and other accounts receivable.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns.

e. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

f. 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 Financial Statements:

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

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with USGAAP. For capital assets used in business-type activities/proprietary fund's operations, construction period interest is not capitalized in accordance with USGAAP.

The total June 30, 2024 balance of capital assets for governmental activities includes approximately less than .58% for which the costs were determined by estimates of the original costs. The total June 30, 2024 balance of capital assets for business-type activities includes approximately less than 5.36% for which the values were determined by estimates of the original cost. These estimated original costs were established be deflated current replacement costs.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land*	ALL	NA	NA
Buildings	\$ 25,000	Straight-line	50-75 years
Improvements	\$ 25,000	Straight-line	10-50 years
Intangible lease assets	\$ 45,000	Straight-line	2-75 years
Equipment (governmental)	\$ 5,000	Straight-line	5-20 years
Equipment (proprietary funds)	\$ 2,500	Straight-line	10 years
Library books	\$ 5,000	Straight-line	5-20 years

*Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of bonds payable, direct borrowings, compensated absences, and lease payables.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is the accrual basis, the same in the fund statements as it is in the government-wide statements.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

h. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

i. Program Revenues:

In the government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the School District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

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

j. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

k. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. Accordingly, all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

Dakota Valley School District No. 61-8
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

l. Equity Classifications:

Government-Wide Financial Statements:

Equity is classified as Net Position and is displayed in three components:

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

m. Application of Net Position:

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

n. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the School District classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Taxes
Special Education Fund	Taxes
Science Center Fund	Contributions

o. Use of 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 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.

p. Pensions:

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

q. Leases:

The School District is a lessee for a noncancellable lease of computers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$45,000 or more.

At the commencement of a lease, the School District 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 judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District 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 School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability 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.

r. Subscription Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

Key estimates and judgments related to subscription include how the School District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

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

The School District monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

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

2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk:

The school district follows the practice of aggregating the cash assets of various fund to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk: (Continued)

Investments - In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent. As of June 30, 2024, the School district investments reported in the financial statements consist of only certificates of deposit.

Interest Rate Risk - The school district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate.

Credit Risk - State law limits eligible investments for the school district, as discussed above. The school district had no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The school district places no limit on the amount that may be invested in any one issuer. The school district does not have any investments with an external investment pool as of June 30, 2024.

Assignment of Investment Income - - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from investments to the fund making the investment, except the Special Education Fund whose income is credited to the General Fund. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

3. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is actual cost. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the government-wide financial statements and in the enterprise fund financial statements, Food Service Fund inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the governmental fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. No material inventories were on hand as of June 30, 2024 in the governmental funds.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

4. Property Tax:

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

5. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. No allowance for estimated uncollectible receivables has been established, as the District believes all receivables are collectible.

Dakota Valley School District No. 61-8
Notes to the Financial Statements
June 30, 2024

6. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2024 is as follows:

	6/30/2023 Balance	Increases	Decreases	6/30/2024 Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 625,964	\$ --	\$ --	\$ 625,964
Construction in progress	--	102,880	--	102,880
Total capital assets not being depreciated/amortized	<u>625,964</u>	<u>102,880</u>	<u>--</u>	<u>728,844</u>
Capital assets being depreciated/amortized:				
Buildings	50,999,894	--	--	50,999,894
Improvements	3,557,664	--	--	3,557,664
Machinery & equipment	2,697,536	160,485	--	2,858,021
Intangible lease assets	163,789	--	--	163,789
Library books	253,954	22,124	1,005	275,073
Total capital assets being depreciated/amortized	<u>57,672,837</u>	<u>182,609</u>	<u>1,005</u>	<u>57,854,441</u>
Less accumulated depreciation/amortization for:				
Buildings	16,417,243	1,171,451	--	17,588,694
Improvements	2,678,586	215,367	--	2,893,953
Machinery & equipment	1,875,194	231,017	--	2,106,211
Intangible lease assets	109,192	54,596	--	163,788
Library books	60,342	13,754	1,005	73,091
Total accumulated depreciation/amortization	<u>21,140,557</u>	<u>1,686,185</u>	<u>1,005</u>	<u>22,825,737</u>
Total capital assets being depreciated/amortized, net	<u>36,532,280</u>	<u>(1,503,576)</u>	<u>--</u>	<u>35,028,704</u>
Net Capital Assets	<u>\$ 37,158,244</u>	<u>\$ (1,400,696)</u>	<u>\$ --</u>	<u>\$ 35,757,548</u>

Depreciation/amortization expense was charged to functions as follows:

Instruction	\$ 1,146,606
Support services	252,928
Amortization	54,596
Co-curricular activities	232,055
Total Depreciation/Amortization Expense	<u>\$ 1,686,185</u>

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

6. Changes in Capital Assets: (Continued)

	Balance 6/30/2023	Increases	Decreases	Balance 6/30/2024
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 463,510	\$ 58,842	\$ --	\$ 522,352
Less accumulated depreciation for:				
Less: Accumulated Depreciation	311,395	24,587	--	335,982
Total capital assets being depreciated, net	<u>\$ 152,115</u>	<u>\$ 34,255</u>	<u>\$ --</u>	<u>\$ 186,370</u>

Depreciation expense was charged to functions as follows:

Business-type activities:

Food service	<u>\$ 24,587</u>
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Construction Work in Progress at June 30, 2024 is comprised of the following:

Project Name	Project Authorization	Through 6/30/2024	Committed
Fire Alarm System	<u>\$ 102,880</u>	<u>\$ 102,880</u>	<u>\$ --</u>

7. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2024 is as follows:

	6/30/2023	Increase	Decrease	6/30/2024	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 24,615,000	\$ --	\$ 925,000	\$ 23,690,000	\$ 985,000
Plus: Unamortized Premiums	1,381,891	--	76,772	1,305,119	76,772
	<u>25,996,891</u>	<u>--</u>	<u>1,001,772</u>	<u>24,995,119</u>	<u>1,061,772</u>
Other Liabilities:					
Compensated Absences	190,164	115,269	190,164	115,269	115,269
Direct Borrowing Notes	9,520	--	9,520	--	--
Intangible lease liability	109,193	--	54,596	54,597	54,597
Total Long-Term Liabilities	<u>\$ 26,305,768</u>	<u>\$ 115,269</u>	<u>\$ 1,256,052</u>	<u>\$ 25,164,985</u>	<u>\$ 1,231,638</u>

Compensated absences for governmental activities and other postemployment benefits typically have been liquidated from the General and Special Education Funds.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

7. Long-Term Liabilities: (Continued)

Debt payable at June 30, 2024, not including premiums, is comprised of the following:

Dakota Valley School District No 61-8 General Obligation Bonds, Series 2016	During January 2017, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$26,990,000. There is a varying interest rate of 3 to 4% assessed on these bonds beginning in 2017. Final payment is July 2039. The Bond Redemption Fund makes payment on this debt.	\$ 23,690,000
Dakota Valley School District No 61-8 Intangible Lease	During March 2022, the School District entered into an agreement to receive computers in the amount of \$163,789. There is an interest rate of 0% assessed on these computers. Final payment is 2025. The Capital Outlay Fund makes payment on this debt.	\$ 54,597

Compensated Absences –

Payable from the fund to which payroll expenditures are charged \$ 115,269

The annual requirements to amortize the General Obligation Bonds (including premiums) and Leases outstanding at June 30, 2024, are as follows:

Year Ending June 30,	General Obligation Bonds		Intangible Leases	
	Principal	Interest	Principal	Interest
2025	\$ 1,061,772	\$ 774,213	\$ 54,597	\$ --
2026	1,116,772	756,175	--	--
2027	1,176,772	713,375	--	--
2028	1,236,772	668,175	--	--
2029	1,301,772	620,475	--	--
2030-2034	7,553,860	2,347,688	--	--
2035-2039	9,368,860	1,003,800	--	--
2040-2044	2,178,539	30,375	--	--
Totals	<u>\$ 24,995,119</u>	<u>\$ 6,914,276</u>	<u>\$ 54,597</u>	<u>\$ --</u>

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

7. Long-Term Liabilities: (Continued)

Year Ending June 30,	Totals	
	Principal	Interest
2025	\$ 1,116,369	\$ 774,213
2026	1,116,772	756,175
2027	1,176,772	713,375
2028	1,236,772	668,175
2029	1,301,772	620,475
2030-2034	7,553,860	2,347,688
2035-2039	9,368,860	1,003,800
2040-2044	2,178,539	30,375
Totals	<u>\$ 25,049,716</u>	<u>\$ 6,914,276</u>

8. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2024 was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 4,598,878
Special Education	Law	643,888
Science Center	Donor	381,680
Debt Service	Debt Covenant	2,819,908
SDRS Pension Purposes	Law	1,167,757
Total		<u>\$ 9,612,111</u>

9. Pension Plan:a. 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 hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in 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://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731.

Dakota Valley School District No. 61-8
Notes to the Financial Statements
June 30, 2024

9. Pension Plan: (Continued)

b. Benefits Provided:

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

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

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- 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.

Dakota Valley School District No. 61-8
Notes to the Financial Statements
June 30, 2024

9. Pension Plan: (Continued)

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

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

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and 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 make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2024, 2023, and 2022, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 527,937
2023	509,747
2022	459,152

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

At June 30, 2023, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2023 and reported by the School District as of June 30, 2024 are as follows:

Proportionate share of pension liability	\$ 47,728,719
Less proportionate share of net pension restricted for pension benefits	<u>47,760,867</u>
Proportionate share of net pension (asset)	<u><u>\$ (32,148)</u></u>

At June 30, 2024, the School reported an (asset) of (\$32,148) 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 net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was 0.32937500%, which is an increase of 0.0088970% from its proportion measured as of June 30, 2022.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

9. Pension Plan: (Continued)

For the year ended June 30, 2024, the School District recognized a pension expense of \$121,651. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 911,264	\$ --
Changes in assumption	1,099,112	1,606,656
Net difference between projected and actual earnings on pension plan investments	214,034	--
Changes in proportion and difference between district contributions and proportionate share of contributions	6,368	16,450
District contributions subsequent to the measurement date	<u>527,937</u>	<u>--</u>
Total	<u><u>\$ 2,758,715</u></u>	<u><u>\$ 1,623,106</u></u>

\$527,937 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

**Year Ended
June 30,**

2025	\$ 435,700
2026	(489,893)
2027	618,277
2028	<u>43,587</u>
Total	<u><u>\$ 607,671</u></u>

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

9. Pension Plan: (Continued)

e. Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.91%

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010
Other Class A Members: PubG-2010
Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table
Others: PubG-2010 disabled member mortality table

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

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

9. Pension Plan: (Continued)

The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

f. 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 from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability(asset).

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

The following presents the School District's proportionate share of net pension (asset) calculated using the discount rate of 6.50%, as well as what the School'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 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 6,589,308</u>	<u>\$ (32,148)</u>	<u>\$ (5,447,237)</u>

Dakota Valley School District No. 61-8
Notes to the Financial Statements
June 30, 2024

9. Pension Plan: (Continued)

h. Pension Plan Fiduciary Net Position:

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

i. Payables to the Pension Plan:

No payables were reported to the defined benefit plan at end of year.

10. Interfund Transfers:

Transfer from the Capital Outlay Fund to the General Fund Under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay fund.	\$ 500,000
--	------------

11. Risk Management:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2024, the School District managed its risks as follows:

Employee Health Insurance:

The school district purchases health insurance for its employees from a commercial insurance carrier.

Liability Insurance:

The school district purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workers' Compensation:

The School District purchases liability insurance for worker's compensation from a commercial carrier. The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2024

11. Risk Management: (Continued)

Unemployment Benefits:

The school district provides coverage for unemployment benefits by paying into the unemployment compensation fund established by state law and managed by the State of South Dakota

During the year ended June 30, 2024, no claims for unemployment were paid.

12. Subsequent Events:

Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

Required Supplementary Information

Dakota Valley School District No. 61-8

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 5,281,918	\$ 5,281,918	\$ 5,640,020	\$ 358,102
Prior years' ad valorem taxes	--	--	18,594	18,594
Utility taxes	66,989	66,989	66,517	(472)
Penalties and interest on taxes	35,000	35,000	--	(35,000)
Tuitons and Fees:				
Regular Day School Tuition	--	--	3,734	3,734
Earnings on Investments and Deposits	7,000	7,000	8,515	1,515
Cocurricular Activities:				
Admissions	65,000	65,000	62,278	(2,722)
Other student activity income	--	--	24,119	24,119
Other Revenue from Local Sources:				
Contributions and donations	13,700	13,700	11,694	(2,006)
Other	115,000	115,000	54,882	(60,118)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	183,229	183,229	180,790	(2,439)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	5,161,437	5,161,437	5,010,390	(151,047)
Restricted grants-in-aid	2,000	2,000	17,144	15,144
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	196,218	196,218	171,242	(24,976)
Total Revenues	<u>\$ 11,127,491</u>	<u>\$ 11,127,491</u>	<u>\$ 11,269,919</u>	<u>\$ 142,428</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Dakota Valley School District No. 61-8

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis June 30, 2024 (Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 2,020,050	\$ 2,020,050	\$ 2,013,503	\$ 6,547
Middle/junior high	2,124,245	2,124,245	2,106,146	18,099
High school	2,200,649	2,200,649	2,060,856	139,793
Special Programs:				
Culturally different	216,225	216,225	212,258	3,967
Educationally deprived	243,901	243,901	208,441	35,460
Other special programs	73,392	73,392	71,472	1,920
Support Services:				
Students:				
Guidance	369,793	369,793	328,432	41,361
Health	107,080	107,080	100,440	6,640
Instructional Staff:				
Improvement of instruction	79,275	79,275	72,618	6,657
Educational media	459,967	459,967	447,754	12,213
General Administration:				
Board of education	253,580	253,580	275,831	(22,251)
Executive administration	196,378	196,378	191,579	4,799
School Administration:				
Office of the principal	818,571	818,571	823,959	(5,388)
Other	2,500	2,500	133	2,367
Business:				
Fiscal services	235,899	235,899	251,923	(16,024)
Operation and maintenance of plant	1,333,768	1,333,768	1,302,083	31,685
Student transportation	562,034	562,034	536,048	25,986
Internal services	115,780	115,780	107,968	7,812
Central:				
Staff	7,888	7,888	6,062	1,826
Male activities	133,399	133,399	123,630	9,769
Female activities	122,181	122,181	122,473	(292)
Transportation	115,500	115,500	136,951	(21,451)
Combined activities	332,284	332,284	338,793	(6,509)
Total Expenditures	<u>12,124,339</u>	<u>12,124,339</u>	<u>11,839,353</u>	<u>284,986</u>
Excess of Revenues Over				
(Under) Expenditures	<u>(996,848)</u>	<u>(996,848)</u>	<u>(569,434)</u>	<u>427,414</u>
Other Financing Sources:				
Operating transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>--</u>
Total Other Financing Sources:	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>--</u>
Net Change in Fund Balances	(496,848)	(496,848)	(69,434)	427,414
Fund Balance, Beginning of Year	<u>3,209,747</u>	<u>3,209,747</u>	<u>3,209,747</u>	<u>--</u>
Fund Balance, End of Year	<u><u>\$ 2,712,899</u></u>	<u><u>\$ 2,712,899</u></u>	<u><u>\$ 3,140,313</u></u>	<u><u>\$ 427,414</u></u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Dakota Valley School District No. 61-8

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 3,206,237	\$ 3,206,237	\$ 3,216,782	\$ 10,545
Prior years' ad valorem taxes	--	--	6,132	6,132
Restricted grants-in-aid received from federal government through the state	--	--	42,900	42,900
Total Revenues	<u>3,206,237</u>	<u>3,206,237</u>	<u>3,265,814</u>	<u>59,577</u>
Expenditures				
Instructional Services:				
Regular programs:				
Elementary	109,842	109,842	104,087	5,755
Middle/junior high	149,330	149,330	130,867	18,463
High school	140,375	140,375	125,863	14,512
Support Services:				
Instructional Staff:				
Educational media	228,245	228,245	193,217	35,028
Business:				
Fiscal Services	80,820	80,820	74,445	6,375
Operation and maintenance of plant	1,778,900	1,778,900	900,305	878,595
Student transportation	121,341	121,341	197,004	(75,663)
Debt Services	193,230	193,230	193,230	--
Cocurricular Activities:				
Combined Activities	<u>120,000</u>	<u>120,000</u>	<u>106,446</u>	<u>13,554</u>
Total Expenditures	<u>2,922,083</u>	<u>2,922,083</u>	<u>2,025,464</u>	<u>896,619</u>
Excess of Revenue Over (Under)				
Expenditures	<u>284,154</u>	<u>284,154</u>	<u>1,240,350</u>	<u>956,196</u>
Other Financing Sources (Uses):				
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>--</u>
Net Change in Fund Balances	(215,846)	(215,846)	740,350	956,196
Fund Balance, Beginning of Year	<u>3,843,101</u>	<u>3,843,101</u>	<u>3,843,101</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 3,627,255</u>	<u>\$ 3,627,255</u>	<u>\$ 4,583,451</u>	<u>\$ 956,196</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Dakota Valley School District No. 61-8
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,795,199	\$ 1,795,199	\$ 1,912,212	\$ 117,013
Prior years' ad valorem taxes	--	--	3,430	3,430
Charges for services	1,000	1,000	7,746	6,746
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	--	--	94,695	94,695
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	309,015	309,015	273,764	(35,251)
Total Revenues	<u>2,105,214</u>	<u>2,105,214</u>	<u>2,291,847</u>	<u>186,633</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for Special Education	1,903,725	1,903,725	1,643,656	260,069
Support Services:				
Students:				
Psychological	94,189	94,189	94,922	(733)
Speech pathology	249,529	249,529	260,543	(11,014)
Student therapy services	108,500	108,500	106,255	2,245
Special Education:				
Administrative costs	161,320	161,320	162,243	(923)
Transportation costs	50,000	50,000	853	49,147
Total Expenditures	<u>2,567,263</u>	<u>2,567,263</u>	<u>2,268,472</u>	<u>298,791</u>
Net Change in Fund Balance	(462,049)	(462,049)	23,375	485,424
Fund Balance, Beginning of Year	<u>611,587</u>	<u>611,587</u>	<u>611,587</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 149,538</u>	<u>\$ 149,538</u>	<u>\$ 634,962</u>	<u>\$ 485,424</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Dakota Valley School District No. 61-8

Notes to the Required Supplementary Information – Budgetary Comparison Schedules June 30, 2024

1. Basis of Presentation:

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds present Capital outlay expenditures as a separate function.

2. Budgets and Budgetary Accounting:

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

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
- c. The proposed budget is published for public review no later than July 15 each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (h).
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- k. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

Dakota Valley School District No. 61-8

Schedule of the Proportionate Share of the Net Pension Liability (Asset) South Dakota Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.3293750%	0.3204780%	0.3262150%	0.3267660%	0.3286189%	0.3278770%	0.3272075%	0.3201444%	0.3167222%	0.3198142%
District's proportionate share of net pension liability (asset)	\$ (32,148)	\$ (30,288)	\$ (2,498,249)	\$ (14,191)	\$ (34,825)	\$ (7,647)	\$ (29,694)	\$ 1,081,416	\$ (1,343,309)	\$ (2,304,131)
District's covered-employee payroll	\$ 8,495,710	\$ 7,653,389	\$ 7,402,922	\$ 7,171,105	\$ 6,938,765	\$ 6,816,317	\$ 6,597,328	\$ 6,057,885	\$ 5,761,556	\$ 5,592,667
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.38%	0.40%	33.75%	0.20%	0.50%	0.11%	0.45%	17.85%	23.32%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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

Dakota Valley School District No. 61-8
Schedule of the School District Contributions South Dakota Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 527,937	\$ 509,747	\$ 459,152	\$ 444,172	\$ 429,907	\$ 415,964	\$ 408,975	\$ 396,172	\$ 363,474	\$ 345,695
Contributions in relation to the contractually-required contribution	<u>527,937</u>	<u>509,747</u>	<u>459,152</u>	<u>444,172</u>	<u>429,907</u>	<u>415,964</u>	<u>408,975</u>	<u>396,172</u>	<u>363,474</u>	<u>345,695</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 8,798,864	\$ 8,495,710	\$ 7,653,389	\$ 7,402,922	\$ 7,171,105	\$ 6,938,765	\$ 6,816,317	\$ 6,597,328	\$ 6,057,885	\$ 5,761,556
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Dakota Valley School District No. 61-8

Notes to Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2024

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

Actuarial Method Changes

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