# Dakota Valley School District No. 61-8

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

**For the Year Ended**
**June 30, 2025**

**Dakota Valley School District No. 61-8**

School District Officials

June 30, 2025

Board Members

Steve Kistner ---------- Board President
Jesica Hanson ----------Vice President
Andrew Nilges ---------- Member
Matt Thompson ---------- Member
Emily Norby---------- Member

Garrett Schmidt ----------Superintendent

Jill Sponder ----------Business Manager

**Dakota Valley School District No. 61-8**

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

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, 2025, 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 March 6, 2026, 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 and Questioned Costs, as item 2025-001 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Prior and Current Findings and Questioned Costs, as item 2025-002 to be a material weakness.

**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 and Questioned Costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

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

CLO Ryf LLC

Elk Point, South Dakota
March 6, 2026

**Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the Dakota Valley School District No. 61-8, South Dakota (School District), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2025. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs.

In our opinion, the Dakota Valley School District No. 61-8, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to School District's federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

**Report on Internal Control Over Compliance**

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

CLO Pfj LLC

Elk Point, South Dakota
March 6, 2026

**Prior Audit Findings:**

**Finding Number 2024-001**

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 audit finding number 2025-001.

**Section I - Summary of Auditor's Results**

**Financial Statements:**

Type of auditor's report issued:

An unmodified opinion was issued on the financial statements of the business-type activities, the capital outlay, special education, and bond redemption governmental funds and the food service and other enterprise funds. A qualified opinion for the lack of reporting long-term financial obligations and commitments related to other postemployment benefits was issued for the statements of the governmental activities.

| | | |
|---|---|---|
| Internal control over financial reporting: | | |
| Material weakness identified: | ____ Yes | x None reported |
| Significant deficiencies identified not considered to be material weaknesses: | x Yes | ____ None reported |
| Noncompliance material to financial statements noted? | x Yes | ____ No |

**Federal Awards:**

| | | |
|---|---|---|
| Internal control over major program: | | |
| Material weakness identified: | ____ Yes | x None reported |
| Significant deficiencies identified not considered to be material weaknesses: | ____ Yes | x None reported |

**Type of auditor's report issued on compliance for major program:** Unmodified

| | | |
|---|---|---|
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: | ____ Yes | x No |

**Identification of major program:**

| ALN Number | Name of Federal Program |
|---|---|
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declard Disasters) |

| | | |
|---|---|---|
| **Dollar threshold used to distinguish between type A and type B programs:** | $ 750,000 | |
| Auditee qualified as low-risk auditee? | ____ Yes | x No |

## Section II - Financial Statement Findings

**Current Audit Findings:**

**Finding Number 2025-001**

Significant Deficiency

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

Criteria: In order to achieve proper internal control, it is necessary to have segregation of duties provided between performance, review and record keeping of the tasks related to the revenues. Lack of this segregation of duties could adversely affect the organization's ability to record, process, summarize and report financial data consistent with management assertions.

Condition, Cause and Effect: A significant deficiency in internal controls was reported due to a lack of proper segregation of duties resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Repeat Finding from Prior Years: Yes

Recommendation: We recommend that district officials be cognizant of this lack of segregation of duties and attempt to provide compensating controls whenever and wherever possible and practical.

Views of Responsible Officials: Management agrees with the finding and recommendation. A response can be found in the Corrective Action Plan.

**Finding Number 2025-002 - Compliance Finding**

Material Weakness

There is a material weakness resulting from noncompliant purchases made out of the General Fund.

Criteria: There is a material weakness resulting from noncompliant purchases made out of the General Fund.

Condition, Cause and Effect: SDCL 13-16-6 requires that expenditures exceeding $1,000 and related to the acquisition of real property, plant, or equipment be recorded in the Capital Outlay Fund. The District purchased equipment exceeding this limit and recorded it in the General Fund. As a result, expenditures were recorded in the incorrect fund, affecting the accuracy of fund reporting and compliance with state statutes.

Recommendation: We recommend that District officials review future transactions and ensure they are coded to the appropriate fund in accordance with state statutes.

Views of Responsible Officials: Management agrees with the finding and recommendation. A response can be found in the Corrective Action Plan.

Repeat Finding from Prior Years: No

## Section III - Federal Award Findings and Questioned Costs

There are no findings or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.156(a).

**Dakota Valley School District No. 61-8**

*Office of the Business Manager* *1150 Northshore Drive*
*Phone: (605) 422-3800* *North Sioux City, SD 57049*

Corrective Action Plan (Unaudited)

Dakota Valley School District No. 61-8 Respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of the independent public accounting firm:

ELO Prof. LLC
1101 W. Main St.
Elk Point, SD 57025

**Finding No. 2025-001**

Significant Deficiency

Significant deficiency resulting from the lack of segregation of duties.

| | |
|---|---|
| Initial Fiscal Year Finding Occurred: | 2013 |
| Finding Summary: | A significant deficiency in internal controls was reported due to a lack of proper segregation of duties resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. |
| Responsible Individual: | Jill Sponder |
| Corrective Action Plan: | At this time, it is not cost efficient for the Dakota Valley School District to hire the additional staff needed to achieve segregation of duties. Alternate procedures have been implemented by the school district to decrease the likelihood that financial data is adversely affected. |
| Anticipated Completion Date: | Ongoing |

If there are any questions regarding this plan, please contact Jill Sponder at (605) 422-3800.

Sincerely,
Garrett Schmidt, Superintendent
Dakota Valley School District No. 61-8

**Dakota Valley School District No. 61-8**

*Office of the Business Manager* *1150 Northshore Drive*
*Phone: (605) 422-3800* *North Sioux City, SD 57049*

Corrective Action Plan (Unaudited)

Dakota Valley School District No. 61-8 Respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of the independent public accounting firm:

ELO Prof. LLC
1101 W. Main St.
Elk Point, SD 57025

**Finding No. 2025-002**

Material Weakness

Material weakness resulting from noncompliant purchases made out of the General Fund.

| | |
|---|---|
| Initial Fiscal Year Finding Occurred: | 2025 |
| Finding Summary: | SDCL 13-16-6 requires that expenditures exceeding $1,000 and related to the acquisition of real property, plant, or equipment be recorded in the Capital Outlay Fund. The District purchased equipment exceeding this limit and recorded it in the General Fund. As a result, expenditures were recorded in the incorrect fund, affecting the accuracy of fund reporting and compliance with state statutes. |
| Responsible Individual: | Jill Sponder |
| Corrective Action Plan: | The Dakota Valley School District's Board will continue to monitor transactions and ensure they are classified in the appropriate fund in accordance with state statutes. |
| Anticipated Completion Date: | 2026 |

If there are any questions regarding this plan, please contact Jill Sponder at (605) 422-3800.

Sincerely,
Garrett Schmidt, Superintendent
Dakota Valley School District No. 61-8

ELO CPAs & ADVISORS

elocpa.com

**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, 2025, 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, 2025, 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dakota Valley School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026 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.

CLO Ryf LLC

Elk Point, South Dakota
March 6, 2026

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, 2025. 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 $19,956,388 from governmental activities, which was $670,925 more than the expenses of $19,285,463. There was a total of $907,848 revenue generated from business-type funds and $1,109,161 in expenses, resulting in a net decrease of $201,313. $196,157 of this decrease was a result of food service activities while $5,156 pertained to other enterprise.

**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.

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 Dakota Valley School's Government-Wide and Fund Financial Statements

| | | Fund Statements | | |
|---|---|---|---|---|
| | Government-Wide 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<br>• Statement of Activities | • Balance Sheet<br>• Statement of Revenues,<br>• Expenditures and Changes in Fund Balances | • Statement of Net Position<br>• Statement of Revenues, Expenses and Changes in Net Position<br>• Statement of Cash Flows | • Statement of Fiduciary Net Position<br>• 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 |

**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).

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.

## 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 |
|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024-2025 |
| Current and Other Assets | $ 18,881,592 | $ 20,507,613 | $ 554,595 | $ 387,737 | $ 19,436,187 | $ 20,895,350 | 7.51% |
| Capital Assets (Net of Depreciation) | 35,757,548 | 34,348,924 | 186,370 | 173,124 | 35,943,918 | 34,522,048 | -3.96% |
| Total Assets | 54,639,140 | 54,856,537 | 740,965 | 560,861 | 55,380,105 | 55,417,398 | 0.07% |
| Pension Related Deferred Outflows | 2,758,715 | 2,432,786 | -- | -- | 2,758,715 | 2,432,786 | -11.81% |
| Total Deferred Outflows or Resources | 2,758,715 | 2,432,786 | -- | -- | 2,758,715 | 2,432,786 | -11.81% |
| Long-Term Liabilities Outstanding | 25,164,985 | 24,090,038 | -- | -- | 25,164,985 | 24,090,038 | -4.27% |
| Other Liabilities | 1,548,486 | 1,803,356 | 12,842 | 34,051 | 1,561,328 | 1,837,407 | 17.68% |
| Total Liabilities | 26,713,471 | 25,893,394 | 12,842 | 34,051 | 26,726,313 | 25,927,445 | -2.99% |
| Taxes Levied for Future Period | 5,688,892 | 5,740,650 | -- | -- | 5,688,892 | 5,740,650 | 0.91% |
| Pension Related Deferred Inflows | 1,623,106 | 1,611,968 | -- | -- | 1,623,106 | 1,611,968 | -0.69% |
| Total Deferred Inflows of Resources | 7,311,998 | 7,352,618 | -- | -- | 7,311,998 | 7,352,618 | 0.56% |
| Net Investment in Capital Assets | 10,707,832 | 10,415,577 | 186,370 | 173,124 | 10,894,202 | 10,588,701 | -2.80% |
| Restricted | 9,612,111 | 11,318,539 | -- | -- | 9,612,111 | 11,318,539 | 17.75% |
| Unrestricted | 3,052,443 | 2,309,195 | 541,753 | 353,686 | 3,594,196 | 2,662,881 | -25.91% |
| Total Net Position | 23,372,386 | 24,043,311 | 728,123 | 526,810 | 24,100,509 | 24,570,121 | 1.95% |
| Beginning Net Position | 22,516,758 | 23,372,386 | 813,585 | 728,123 | 23,330,343 | 24,100,509 | 3.30% |
| Increase (Decrease) in Net Position | $ 855,628 | $ 670,925 | $ (85,462) | $ (201,313) | $ 770,166 | $ 469,612 | 39.02% |
| Percentage of Increase (Decrease) in Net Position | 3.80% | 2.87% | -10.50% | -27.65% | 3.30% | 1.95% | |

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, unamortized premiums, and compensated absences, 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.

**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 $20,864,236. Approximately 64% 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 2025

| | | |
|---|---|---|
| Taxes | $ 13,274,653 | 63.62% |
| State Sources | 5,435,987 | 26.05% |
| Operating Grants & Contributions | 1,171,985 | 5.62% |
| Charges For Services | 729,747 | 3.50% |
| Other General Revenues | 241,449 | 1.16% |
| Unrestricted Investment Earnings | 10,415 | 0.05% |
| Total Revenue | $ 20,864,236 | 100.00% |

The total cost of all functional programs and services increased by $1,202,881 or approximately 6.27%. 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 2025

| | | |
|---|---|---|
| Instruction | $ 10,727,523 | 52.60% |
| Support Services | 6,774,890 | 33.22% |
| Interest - on Long-Term Debt | 726,683 | 3.56% |
| Cocurricular Activities | 1,056,367 | 5.18% |
| Food Service | 1,089,255 | 5.34% |
| Other Enterprise | 19,906 | 0.10% |
| Total Expenditures | $ 20,394,624 | 100.00% |

## 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 |
|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charge for Services | $ 90,131 | $ 93,624 | $ 596,883 | $ 636,123 | $ 687,014 | $ 729,747 | 6.22% |
| Operating Grants/ Contributions | 487,906 | 900,836 | 237,120 | 271,149 | 725,026 | 1,171,985 | 61.65% |
| General Revenues | | | | | | | |
| Taxes | 13,162,198 | 13,274,653 | -- | -- | 13,162,198 | 13,274,653 | 0.85% |
| Revenue State Sources | 5,122,229 | 5,435,987 | -- | -- | 5,122,229 | 5,435,987 | 6.13% |
| Other general revenues | 255,112 | 241,449 | -- | -- | 255,112 | 241,449 | -5.36% |
| Unrestricted Investment Earnings | 8,515 | 9,839 | 1,815 | 576 | 10,330 | 10,415 | 0.82% |
| | 19,126,091 | 19,956,388 | 835,818 | 907,848 | 19,961,909 | 20,864,236 | 4.52% |
| Expenses | | | | | | | |
| Instruction | 9,963,596 | 10,727,523 | -- | -- | 9,963,596 | 10,727,523 | 7.67% |
| Support Services | 6,363,567 | 6,774,890 | -- | -- | 6,363,567 | 6,774,890 | 6.46% |
| Interest on long-term debt | 882,952 | 726,683 | -- | -- | 882,952 | 726,683 | -17.70% |
| Co-curricular Activities | 1,060,348 | 1,056,367 | -- | -- | 1,060,348 | 1,056,367 | -0.38% |
| Food Service | -- | -- | 903,898 | 1,089,255 | 903,898 | 1,089,255 | 20.51% |
| Other Enterprise | -- | -- | 17,382 | 19,906 | 17,382 | 19,906 | 14.52% |
| | 18,270,463 | 19,285,463 | 921,280 | 1,109,161 | 19,191,743 | 20,394,624 | 6.27% |
| Increase (Decrease) in Net Position | 855,628 | 670,925 | (85,462) | (201,313) | 770,166 | 469,612 | -39.02% |
| Beginning Net Position | 22,516,758 | 23,372,386 | 813,585 | 728,123 | 23,330,343 | 24,100,509 | 3.30% |
| Ending Net Position | $ 23,372,386 | $ 24,043,311 | $ 728,123 | $ 526,810 | $ 24,100,509 | $ 24,570,121 | 1.95% |

## Governmental Activities

Revenues for the School's governmental activities increased approximately 4.52% while expenses for governmental activities increased by approximately 6.27%. Revenues increased mainly due to increased taxes and revenue from state sources. Expenses mainly increased in support services and instruction.

**Business-Type Activities**

Revenues of the District's business-type activities increased by $72,030 or 8.62%, and expenses increased by $187,881 or approximately 20.39%. Factors contributing to these results include increases in operating grants/contributions and charges for services, along with increased expenditures in food service.

**Financial Analysis of the District's Funds**

The General Fund experienced a decrease of $702,524 in its fund balance for fiscal year 2025. The ending fund balance for the General Fund was $2,437,789. 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 $1,250,967 and had an ending fund balance of 5,834,418. The Special Education Fund had an increase of $195,642, ending with a fund balance of $830,604.

**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 2025, the School had invested $34,522,048 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5) This amount represents a net decrease (including additions, deletions and depreciation) of $1,421,870 from the previous year.

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

| | Governmental Activities | | Business-Type Activities | | Total Dollar Change | Total % Change |
|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2024 | 2025 | | |
| Land | $ 625,964 | $ 625,964 | $ -- | $ -- | $ -- | 0.00% |
| Construction in progress | 102,880 | -- | -- | -- | (102,880) | -100.00% |
| Buildings & Improvements | 34,074,911 | 32,886,643 | -- | -- | (1,188,268) | -3.49% |
| Machinery & Equipment | 751,810 | 632,815 | 186,370 | 173,124 | (132,241) | -14.10% |
| Intangible Lease Assets | 1 | -- | -- | -- | (1) | -100.00% |
| Library Books | 201,982 | 203,502 | -- | -- | 1,520 | 0.75% |
| Total Capital Assets | $ 35,757,548 | $ 34,348,924 | $ 186,370 | $ 173,124 | $ (1,421,870) | -3.96% |

**Long-Term Debt**

At year-end, the School had $24,090,038 in general long-term obligations. This balance includes General Obligation Bonds, Unamortized Premiums, and Compensated Absences. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

| | Governmental Activities | | Total Dollar Change | Total % Change |
|---|---|---|---|---|
| | 2024 | 2025 | | |
| General Obligation Bonds | $ 23,690,000 | $ 22,705,000 | $ (985,000) | -4.16% |
| Plus: Unamortized Premiums | 1,305,119 | 1,228,347 | (76,772) | -5.88% |
| Intangible Lease Liabilities | 54,597 | -- | (54,597) | -100.00% |
| Accrued Compensated Absences | 115,269 | 156,691 | 41,422 | 35.94% |
| Total Outstanding Debt | $ 25,164,985 | $ 24,090,038 | $ (1,074,947) | -4.27% |

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 1,341 in FY24 to 1,295 in FY25.

**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, 2025

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| **Assets:** | | | |
| Cash and cash equivalents | $ 13,494,998 | $ 360,084 | $ 13,855,082 |
| Investments-certificates of deposit | 381,680 | -- | 381,680 |
| Taxes receivable | 5,802,482 | -- | 5,802,482 |
| Inventories | -- | 4,996 | 4,996 |
| Other assets | 815,758 | 22,657 | 838,415 |
| Net pension asset | 12,695 | -- | 12,695 |
| Capital assets: | | | |
| Land | 625,964 | -- | 625,964 |
| Other capital assets, net | 33,722,960 | 173,124 | 33,896,084 |
| Total Assets | 54,856,537 | 560,861 | 55,417,398 |
| **Deferred Outflows of Resources:** | | | |
| Pension-related deferred outflows | 2,432,786 | -- | 2,432,786 |
| Total Deferred Outflows of Resources | 2,432,786 | -- | 2,432,786 |
| **Liabilities:** | | | |
| Unearned revenue | -- | 18,174 | 18,174 |
| Other current liabilities | 1,803,356 | 15,877 | 1,819,233 |
| Long-term liabilities: | | | |
| Due within one year | 1,273,463 | -- | 1,273,463 |
| Due in more than one year | 22,816,575 | -- | 22,816,575 |
| Total Liabilities | 25,893,394 | 34,051 | 25,927,445 |
| **Deferred Inflows of Resources:** | | | |
| Taxes levied for future periods | 5,740,650 | -- | 5,740,650 |
| Pension related deferred inflows | 1,611,968 | -- | 1,611,968 |
| Total Deferred Inflows of Resources | 7,352,618 | -- | 7,352,618 |
| **Net Position:** | | | |
| Net investment in capital assets | 10,415,577 | 173,124 | 10,588,701 |
| Restricted for: | | | |
| Capital outlay | 5,849,027 | -- | 5,849,027 |
| Special education | 839,391 | -- | 839,391 |
| Debt service | 3,414,928 | -- | 3,414,928 |
| Science center | 381,680 | -- | 381,680 |
| SDRS pension purposes | 833,513 | -- | 833,513 |
| Unrestricted | 2,309,195 | 353,686 | 2,662,881 |
| Total Net Position | $ 24,043,311 | $ 526,810 | $ 24,570,121 |

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, 2025

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities | Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-Type Activities | Total |
|---|---|---|---|---|---|---|
| Governmental Activities: | | | | | | |
| Instruction | $ 10,727,523 | $ -- | $ 900,836 | $ (9,826,687) | $ -- | $ (9,826,687) |
| Support services | 6,774,890 | -- | -- | (6,774,890) | -- | (6,774,890) |
| Interest on long-term debt* | 726,683 | -- | -- | (726,683) | -- | (726,683) |
| Cocurricular activities | 1,056,367 | 93,624 | -- | (962,743) | -- | (962,743) |
| Total Governmental Activities | 19,285,463 | 93,624 | 900,836 | (18,291,003) | -- | (18,291,003) |
| Business-Type Activities: | | | | | | |
| Food service | 1,089,255 | 621,373 | 271,149 | -- | (196,733) | (196,733) |
| Other enterprise | 19,906 | 14,750 | -- | -- | (5,156) | (5,156) |
| Total Business Type Activities | 1,109,161 | 636,123 | 271,149 | -- | (201,889) | (201,889) |
| Total Primary Government | $ 20,394,624 | $ 729,747 | $ 1,171,985 | (18,291,003) | (201,889) | (18,492,892) |
| | | General Revenues: | | | | |
| | | Taxes: | | | | |
| | | Property taxes | | 13,218,374 | -- | 13,218,374 |
| | | Gross receipts taxes | | 56,279 | -- | 56,279 |
| | | Revenue from State Sources: | | | | |
| | | State aid | | 5,161,929 | -- | 5,161,929 |
| | | Other | | 274,058 | -- | 274,058 |
| | | Unrestricted investment earnings | | 9,839 | 576 | 10,415 |
| | | Other general revenues | | 241,449 | -- | 241,449 |
| | | Total General Revenues | | 18,961,928 | 576 | 18,962,504 |
| | | Change in Net Position | | 670,925 | (201,313) | 469,612 |
| | | **Net Position - Beginning of Year** | | 23,372,386 | 728,123 | 24,100,509 |
| | | **Net Position - End of Year** | | $ 24,043,311 | $ 526,810 | $ 24,570,121 |

*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, 2025

| | General | Capital Outlay | Special Education | Bond Redemption Funds | Science Center Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Cash and cash equivalents | $ 3,632,251 | $ 5,657,581 | $ 800,577 | $ 3,404,589 | $ -- | $ 13,494,998 |
| Investments-certificates of deposit | -- | -- | -- | -- | 381,680 | 381,680 |
| Accounts receivable | 6,082 | 460,276 | -- | -- | -- | 466,358 |
| Taxes receivable - current | 2,248,904 | 1,561,364 | 863,943 | 1,066,439 | -- | 5,740,650 |
| Taxes receivable - delinquent | 28,097 | 14,609 | 8,787 | 10,339 | -- | 61,832 |
| Due from other governments | 139,093 | -- | 210,307 | -- | -- | 349,400 |
| Total Assets | $ 6,054,427 | $ 7,693,830 | $ 1,883,614 | $ 4,481,367 | $ 381,680 | $ 20,494,918 |
| **Liabilities and Fund Balances:** | | | | | | |
| **Liabilities:** | | | | | | |
| Accounts payable | $ 123,851 | $ 283,439 | $ 909 | $ -- | $ -- | $ 408,199 |
| Contracts payable | 976,411 | -- | 136,921 | -- | -- | 1,113,332 |
| Payroll deductions and withholding and employer matching payable | 239,375 | -- | 42,450 | -- | -- | 281,825 |
| Total Liabilities | 1,339,637 | 283,439 | 180,280 | -- | -- | 1,803,356 |
| Deferred Inflows of Resources: | | | | | | |
| Taxes levied for future period | 2,248,904 | 1,561,364 | 863,943 | 1,066,439 | -- | 5,740,650 |
| Delinquent taxes not available | 28,097 | 14,609 | 8,787 | 10,339 | -- | 61,832 |
| Total Deferred Inflows of Resources | 2,277,001 | 1,575,973 | 872,730 | 1,076,778 | -- | 5,802,482 |
| **Fund Balances:** | | | | | | |
| Restricted: | | | | | | |
| For capital outlay | -- | 5,834,418 | -- | -- | -- | 5,834,418 |
| For special education | -- | -- | 830,604 | -- | -- | 830,604 |
| For science center | -- | -- | -- | -- | 381,680 | 381,680 |
| For debt service | -- | -- | -- | 3,404,589 | -- | 3,404,589 |
| Unassigned | 2,437,789 | -- | -- | -- | -- | 2,437,789 |
| Total Fund Balances | 2,437,789 | 5,834,418 | 830,604 | 3,404,589 | 381,680 | 12,889,080 |
| Total Liabilities and Fund Balances | $ 6,054,427 | $ 7,693,830 | $ 1,883,614 | $ 4,481,367 | $ 381,680 | $ 20,494,918 |

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

**Dakota Valley School District No. 61-8**

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

June 30, 2025

| | | |
|---|---|---|
| Total Fund Balances - Governmental Funds | | $ 12,889,080 |
| 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. | | 34,348,924 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. | | |
| GO Bonds | (23,933,347) | |
| Compensated Absences | (156,691) | (24,090,038) |
| 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 | | 61,832 |
| Proportionate Share of Net Pension Asset | | 12,695 |
| Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds. | | (1,611,968) |
| Pension related deferred outflows are components of non current assets and therefore are not reported in the funds. | | 2,432,786 |
| Net Position - Governmental Activities | | $ 24,043,311 |

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, 2025

| | General | Capital Outlay | Special Education | Bond Redemption Funds | Science Center Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Revenue from Local Sources: | | | | | | |
| Taxes: | | | | | | |
| Ad valorem taxes | $ 5,419,827 | $ 3,416,639 | $ 1,981,618 | $ 2,370,035 | $ -- | $ 13,188,119 |
| Prior years' ad valorem taxes | 13,141 | 7,919 | 4,506 | 5,617 | -- | 31,183 |
| Utility taxes | 56,279 | -- | -- | -- | -- | 56,279 |
| Earnings on Investments and Deposits | 9,839 | -- | -- | -- | -- | 9,839 |
| Cocurricular Activities: | | | | | | |
| Admissions | 54,503 | -- | -- | -- | -- | 54,503 |
| Other student activity income | 39,121 | -- | -- | -- | -- | 39,121 |
| Other Revenue from Local Sources: | | | | | | |
| Contributions and donations | 10,227 | -- | -- | -- | -- | 10,227 |
| Refund of prior year's expenditures | -- | 3,629 | -- | -- | -- | 3,629 |
| Charges for services | -- | -- | 5,417 | -- | -- | 5,417 |
| Other | 50,775 | 2,318 | -- | -- | -- | 53,093 |
| Revenue from Intermediate Sources: | | | | | | |
| County Sources: | | | | | | |
| County apportionment | 167,081 | -- | -- | -- | -- | 167,081 |
| Revenue from State Sources: | | | | | | |
| Grants-in-Aid: | | | | | | |
| Unrestricted grants-in-aid | 5,161,929 | -- | -- | -- | -- | 5,161,929 |
| Restricted grants-in-aid | 17,048 | 96,610 | 160,400 | -- | -- | 274,058 |
| Revenue from Federal Sources: | | | | | | |
| Grants-in-Aid: | | | | | | |
| Restricted grants-in-aid received from federal government through the state | 100,038 | 486,405 | 314,393 | -- | -- | 900,836 |
| Total Revenues | $ 11,099,808 | $ 4,013,520 | $ 2,466,334 | $ 2,375,652 | $ -- | $ 19,955,314 |

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, 2025 (Continued)

| | General | Capital Outlay | Special Education | Bond Redemption Funds | Science Center Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Expenditures** | | | | | | |
| Instructional Services: | | | | | | |
| Regular Programs: | | | | | | |
| Elementary | $ 1,985,896 | $ 147,973 | $ -- | $ -- | $ -- | $ 2,133,869 |
| Middle/junior high | 2,337,208 | 157,661 | -- | -- | -- | 2,494,869 |
| High school | 2,040,281 | 458,767 | -- | -- | -- | 2,499,048 |
| Special Programs: | | | | | | |
| Programs for special education | -- | -- | 1,655,949 | -- | -- | 1,655,949 |
| Culturally different | 215,622 | 5,244 | -- | -- | -- | 220,866 |
| Educationally deprived | 206,883 | -- | -- | -- | -- | 206,883 |
| Other special programs | 72,947 | -- | -- | -- | -- | 72,947 |
| Support Services: | | | | | | |
| Students: | | | | | | |
| Guidance | 271,134 | -- | -- | -- | -- | 271,134 |
| Health | 105,464 | -- | -- | -- | -- | 105,464 |
| Psychological | -- | -- | 91,865 | -- | -- | 91,865 |
| Speech pathology | -- | -- | 250,292 | -- | -- | 250,292 |
| Student therapy services | -- | -- | 104,345 | -- | -- | 104,345 |
| Instructional Staff: | | | | | | |
| Improvement of instruction | 28,853 | -- | -- | -- | -- | 28,853 |
| Educational media | 468,253 | 92,716 | -- | -- | -- | 560,969 |
| General Administration: | | | | | | |
| Board of education | 280,402 | -- | -- | -- | -- | 280,402 |
| Executive administration | 261,382 | -- | -- | -- | -- | 261,382 |
| School Administration: | | | | | | |
| Office of the principal | 866,664 | -- | -- | -- | -- | 866,664 |
| Other | 121 | -- | -- | -- | -- | 121 |
| Business: | | | | | | |
| Fiscal services | 267,347 | 28,786 | -- | -- | -- | 296,133 |
| Operation and maintenance of plant | 1,473,185 | 904,195 | -- | -- | -- | 2,377,380 |
| Student transportation | 563,993 | 124,412 | -- | -- | -- | 688,405 |
| Internal Services | 110,957 | -- | -- | -- | -- | 110,957 |

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, 2025 (Continued)

| | General | Capital Outlay | Special Education | Bond Redemption Funds | Science Center Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Special Education: | | | | | | |
| Administrative costs | -- | -- | 168,241 | -- | -- | 168,241 |
| Central: | | | | | | |
| Staff | 5,688 | -- | -- | -- | -- | 5,688 |
| Debt Services | -- | 63,089 | -- | 1,779,963 | -- | 1,843,052 |
| Cocurricular Activities: | | | | | | |
| Male activities | 125,266 | -- | -- | -- | -- | 125,266 |
| Female activities | 125,113 | -- | -- | -- | -- | 125,113 |
| Transportation | 121,393 | -- | -- | -- | -- | 121,393 |
| Combined activities | 368,280 | 49,569 | -- | -- | -- | 417,849 |
| Capital Outlay | -- | 232,143 | -- | -- | -- | 232,143 |
| Total Expenditures | 12,302,332 | 2,264,555 | 2,270,692 | 1,779,963 | -- | 18,617,542 |
| Excess of Revenue Over (Under) Expenditures | (1,202,524) | 1,748,965 | 195,642 | 595,689 | -- | 1,337,772 |
| **Other Financing Sources (Uses):** | | | | | | |
| Transfer in | 500,000 | -- | -- | -- | -- | 500,000 |
| Transfer out | -- | (500,000) | -- | -- | -- | (500,000) |
| Sale of Surplus Property | -- | 2,002 | -- | -- | | 2,002 |
| Total Other Financing Sources (Uses) | 500,000 | (497,998) | -- | -- | -- | 2,002 |
| Net Change in Fund Balances | (702,524) | 1,250,967 | 195,642 | 595,689 | -- | 1,339,774 |
| **Fund Balance, Beginning of Year** | 3,140,313 | 4,583,451 | 634,962 | 2,808,900 | 381,680 | 11,549,306 |
| **Fund Balance, End of Year** | $ 2,437,789 | $ 5,834,418 | $ 830,604 | $ 3,404,589 | $ 381,680 | $ 12,889,080 |

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, 2025

| | | |
|---|---|---|
| Net Change in Fund Balances - Total Governmental Funds | | $ 1,339,774 |
| 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. | | 232,143 |
| 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. | | (1,640,767) |
| 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 | 1,061,772 | |
| Intangible Lease Liability | 54,597 | 1,116,369 |
| 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." | | (928) |
| Governmental funds do not reflect the change in early retirement liabilities but the Statement of Activities reflects the change in these accruals through expenses. | | (41,422) |
| Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. | | (334,244) |
| Change in net position of governmental activities | | $ 670,925 |

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 – Proprietary Funds
June 30, 2025

| | Enterprise Funds | | |
|---|---|---|---|
| | Food Service Fund | Other Enterprise Fund | Totals |
| **Assets:** | | | |
| Current Assets: | | | |
| Cash and cash equivalents | $ 335,269 | $ 24,815 | $ 360,084 |
| Accounts receivable, net | 22,657 | -- | 22,657 |
| Inventory of donated food | 4,996 | -- | 4,996 |
| Total Current Assets | 362,922 | 24,815 | 387,737 |
| Noncurrent Assets: | | | |
| Machinery and equipment - local funds | 534,724 | -- | 534,724 |
| Less accumulated depreciation | (361,600) | -- | (361,600) |
| Total Noncurrent Assets | 173,124 | -- | 173,124 |
| Total Assets | $ 536,046 | $ 24,815 | $ 560,861 |
| **Liabilities:** | | | |
| Current Liabilities: | | | |
| Accounts payable | $ 14,434 | $ 455 | $ 14,889 |
| Contracts payable | -- | 522 | 522 |
| Accrued payroll expenses | -- | 466 | 466 |
| Unearned revenue | 18,174 | -- | 18,174 |
| Total Current Liabilities | 32,608 | 1,443 | 34,051 |
| **Net Position:** | | | |
| Net investment in capital assets | 173,124 | -- | 173,124 |
| Unrestricted net position | 330,314 | 23,372 | 353,686 |
| Total Net Position | $ 503,438 | $ 23,372 | $ 526,810 |

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, 2025

| | Enterprise Funds | | |
|---|---|---|---|
| | Food Service Fund | Other Enterprise Fund | Totals |
| **Operating Revenue:** | | | |
| Food Sales: | | | |
| Student | $ 387,525 | $ -- | $ 387,525 |
| Adult | 32,056 | -- | 32,056 |
| A la carte | 201,792 | -- | 201,792 |
| Other charges for goods and services | -- | 14,750 | 14,750 |
| Total Operating Revenue | 621,373 | 14,750 | 636,123 |
| **Operating Expenses:** | | | |
| Food Service: | | | |
| Salaries | 37,866 | 16,640 | 54,506 |
| Employee benefits | 9,203 | 1,697 | 10,900 |
| Purchased services | 945,945 | -- | 945,945 |
| Supplies | 34,819 | 1,569 | 36,388 |
| Cost of sales - donated | 35,804 | -- | 35,804 |
| Depreciation | 25,618 | -- | 25,618 |
| Total Operating Expenses | 1,089,255 | 19,906 | 1,109,161 |
| Operating Income(Loss) | (467,882) | (5,156) | (473,038) |
| **Nonoperating Revenues/Expenses:** | | | |
| Investment Earnings | 576 | -- | 576 |
| Other local revenue | 4,329 | -- | 4,329 |
| State grants | 1,652 | -- | 1,652 |
| Federal grants | 224,523 | -- | 224,523 |
| Donated food | 40,645 | -- | 40,645 |
| Total Nonoperating Revenue/ (Expenses) | 271,725 | -- | 271,725 |
| Change in Net Position | (196,157) | (5,156) | (201,313) |
| **Net Position - Beginning of Year** | 699,595 | 28,528 | 728,123 |
| **Net Position - End of Year** | $ 503,438 | $ 23,372 | $ 526,810 |

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, 2025

| | Enterprise Funds | | |
|---|---|---|---|
| | Food Service Fund | Other Enterprise Fund | Totals |
| **Cash Flows from Operating Activities** | | | |
| Cash receipts from customers | $ 628,858 | $ 14,750 | $ 643,608 |
| Cash payments to suppliers | (966,354) | (1,433) | (967,787) |
| Cash payments to employees | (47,069) | (19,159) | (66,228) |
| Net Cash (Used) by Operating Activities | (384,565) | (5,842) | (390,407) |
| **Cash Flows from Noncapital Financing Activities:** | | | |
| Other local revenue | 4,329 | -- | 4,329 |
| Cash reimbursements - state | 1,652 | -- | 1,652 |
| Cash reimbursements - federal | 237,892 | -- | 237,892 |
| Net Cash Provided by Noncapital Financing Activities | 243,873 | -- | 243,873 |
| **Cash Flows from Capital and related Financing Activities:** | | | |
| Purchase of capital assets | (12,372) | -- | (12,372) |
| Net Cash Provided by Noncapital Financing Activities | (12,372) | -- | (12,372) |
| **Cash Flows from Investing Activities:** | | | |
| Investment Earnings | 576 | -- | 576 |
| Net Cash Provided by Investing Activities | 576 | -- | 576 |
| **Net Change in Cash and Cash Equivalents** | (152,488) | (5,842) | (158,330) |
| **Cash and Cash Equivalents, Beginning of Year** | 487,757 | 30,657 | 518,414 |
| **Cash and Cash Equivalents, End of Year** | $ 335,269 | $ 24,815 | $ 360,084 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | | | |
| Operating Income (Loss) | $ (467,882) | $ (5,156) | $ (473,038) |
| Adjustments to reconcile operating income (loss) to net cash (used) by operating activities: | | | |
| Depreciation expense | 25,618 | -- | 25,618 |
| Value of commodities used | 35,804 | -- | 35,804 |
| Change in Assets and Liabilities: | | | |
| Deferred revenue | 7,485 | -- | 7,485 |
| Contracts payable | -- | (696) | (696) |
| Accrued payroll expenses | -- | (126) | (126) |
| Accounts payable | 14,410 | 136 | 14,546 |
| Net Cash (Used) by Operating Activities | $ (384,565) | $ (5,842) | $ (390,407) |
| **Noncash Investing, Capital and Financing Activities** | | | |
| Value of commodities received | $ 40,645 | $ -- | $ 40,645 |

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, 2025

| | Private-Purpose Trust Funds | Custodial Funds |
|---|---|---|
| **Assets:** | | |
| Cash and cash equivalents | $ -- | $ 44,460 |
| Investments-certificates of deposit | 16,040 | -- |
| Accounts receivable | -- | 38,710 |
| Total Assets | $ 16,040 | $ 83,170 |
| **Liabilities:** | | |
| Accounts payable | $ -- | $ 4,502 |
| **Net Position:** | | |
| Restricted for: | | |
| Scholarships | $ 16,040 | $ -- |
| Individuals, organizations, and other governments | -- | 78,668 |
| Total Net Position | $ 16,040 | $ 78,668 |

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, 2025

| | Private-Purpose Trust Funds | Custodial Funds |
|---|---|---|
| **Additions:** | | |
| Collections for student activities | $ -- | $ 212,121 |
| Total Additions | -- | 212,121 |
| **Deductions:** | | |
| Payments for student activities | -- | 185,700 |
| Total Deductions | -- | 185,700 |
| Change in Net Position | -- | 26,421 |
| **Net Position - Beginning** | 16,040 | 52,247 |
| **Net Position - Ending** | $ 16,040 | $ 78,668 |

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

## 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.

**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.

**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).

**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.

**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, 2025 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:

**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, 2025 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, 2025 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.

**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 | $ 50,000 | Straight-line | 50-75 years |
| Improvements | $ 15,000 | Straight-line | 10-50 years |
| Intangible lease assets | $ 50,000 | Straight-line | 2-75 years |
| Equipment (governmental) | $ 10,000 | Straight-line | 5-20 years |
| Equipment (proprietary funds) | $ 10,000 | 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, 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.

**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.

**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.

**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:

| Major Special Revenue Fund | Revenue Source |
|---|---|
| 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.

**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 $50,000 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.

**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.

**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, 2025, 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, 2025.

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, 2025 in the governmental funds.

**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.

## 6. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2025 is as follows:

| | 6/30/2024 Balance | Increases | Decreases | 6/30/2025 Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital assets, not being depreciated/amortized: | | | | |
| Land | $ 625,964 | $ -- | $ -- | $ 625,964 |
| Construction in progress | 102,880 | 106,120 | 209,000 | -- |
| Total capital assets not being depreciated/amortized | 728,844 | 106,120 | 209,000 | 625,964 |
| Capital assets being depreciated/amortized: | | | | |
| Buildings | 50,999,894 | -- | -- | 50,999,894 |
| Improvements | 3,557,664 | 209,000 | -- | 3,766,664 |
| Machinery & equipment | 2,858,021 | 109,945 | 33,420 | 2,934,546 |
| Intangible lease assets | 163,789 | -- | -- | 163,789 |
| Library books | 275,073 | 16,078 | -- | 291,151 |
| Total capital assets being depreciated/amortized | 57,854,441 | 335,023 | 33,420 | 58,156,044 |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings | 17,588,694 | 1,171,451 | -- | 18,760,145 |
| Improvements | 2,893,953 | 225,817 | -- | 3,119,770 |
| Machinery & equipment | 2,106,211 | 228,940 | 33,420 | 2,301,731 |
| Intangible lease assets | 163,788 | 1 | -- | 163,789 |
| Library books | 73,091 | 14,558 | -- | 87,649 |
| Total accumulated depreciation/amortization | 22,825,737 | 1,640,767 | 33,420 | 24,433,084 |
| Total capital assets being depreciated/amortized, net | 35,028,704 | (1,305,744) | -- | 33,722,960 |
| Net Capital Assets | $ 35,757,548 | $ (1,199,624) | $ 209,000 | $ 34,348,924 |

Depreciation/amortization expense was charged to functions as follows:

| | |
|---|---|
| Instruction | $ 1,094,504 |
| Support services | 279,516 |
| Amortization | 1 |
| Co-curricular activities | 266,746 |
| Total Depreciation/Amortization Expense | $ 1,640,767 |

## 6. Changes in Capital Assets: (Continued)

| | Balance 6/30/2024 | Increases | Decreases | Balance 6/30/2025 |
|---|---|---|---|---|
| **Business-Type Activities:** | | | | |
| Capital assets, being depreciated: | | | | |
| Equipment | $ 522,352 | $ 12,372 | $ -- | $ 534,724 |
| Less accumulated depreciation for: | | | | |
| Less: Accumulated Depreciation | 335,982 | 25,618 | -- | 361,600 |
| Total capital assets being depreciated, net | $ 186,370 | $ (13,246) | $ -- | $ 173,124 |

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| Business-type activities: | |
| Food service | $ 25,618 |

## 7. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2025 is as follows:

| | 6/30/2024 | Increase | Decrease | 6/30/2025 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Bonds Payable: | | | | | |
| General Obligation Bonds | $ 23,690,000 | $ -- | $ 985,000 | $ 22,705,000 | $ 1,040,000 |
| Plus: Unamortized Premiums | 1,305,119 | -- | 76,772 | 1,228,347 | 76,772 |
| | 24,995,119 | -- | 1,061,772 | 23,933,347 | 1,116,772 |
| Other Liabilities: | | | | | |
| Compensated Absences | 115,269 | 156,691 | 115,269 | 156,691 | 156,691 |
| Intangible lease liability | 54,597 | -- | 54,597 | -- | -- |
| Total Long-Term Liabilities | $ 25,164,985 | $ 156,691 | $ 1,231,638 | $ 24,090,038 | $ 1,273,463 |

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

**7. Long-Term Liabilities: (Continued)**

Debt payable at June 30, 2025, 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. | $ 22,705,000 |

Compensated Absences –

| | |
|---|---|
| Payable from the fund to which payroll expenditures are charged | $ 156,691 |

The annual requirements to amortize the General Obligation Bonds (including premiums) outstanding at June 30, 2025, are as follows:

| Year Ending June 30, | General Obligation Bonds | |
|---|---|---|
| | Principal | Interest |
| 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 | 1,371,772 | 570,075 |
| 2031-2035 | 7,908,860 | 2,087,289 |
| 2036-2040 | 9,743,860 | 724,500 |
| 2041-2045 | 76,767 | -- |
| Totals | $ 23,933,347 | $ 6,140,064 |

**8. Restricted Net Position:**

Restricted Net Position for the year ended June 30, 2025 was as follows:

| Purpose | Restricted By | Amount |
|---|---|---|
| Major Purposes: | | |
| Capital Outlay | Law | $ 5,849,027 |
| Special Education | Law | 839,391 |
| Science Center | Donor | 381,680 |
| Debt Service | Debt Covenant | 3,414,928 |
| SDRS Pension Purposes | Law | 833,513 |
| Total | | $ 11,318,539 |

**9. Pension Plan:**

a. Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provide retirement, disability, and survivor benefits. 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.

b. Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B 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.

**9. Pension Plan: (Continued)**

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.

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.

**9. Pension Plan: (Continued)**

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, 2025, 2024, and 2023, equal to required contributions each year, were as follows:

| Year | Amount |
|---|---|
| 2025 | $ 542,581 |
| 2024 | 527,937 |
| 2023 | 509,747 |

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

At June 30, 2024, SDRS is 100.0% 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, 2024 and reported by the School District as of June 30, 2025 are as follows:

| | |
|---|---|
| Proportionate share of pension liability | $ 46,788,442 |
| Less proportionate share of net pension restricted for pension benefits | 46,801,137 |
| Proportionate share of net pension (asset) | $ (12,695) |

At June 30, 2025, the School reported an (asset) of ($12,695) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024 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, 2024, the School District's proportion was 0.31363200%, which is a decrease of 0.0157430% from its proportion measured as of June 30, 2023.

**9. Pension Plan: (Continued)**

For the year ended June 30, 2025, the School District recognized a pension expense of $334,243. At June 30, 2025, 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 | $ 1,175,634 | $ -- |
| Changes in assumption | 209,316 | 1,595,521 |
| Net difference between projected and actual earnings on pension plan investments | 478,217 | -- |
| Changes in proportion and difference between district contributions and proportionate share of contributions | 27,338 | 16,447 |
| District contributions subsequent to the measurement date | 542,281 | -- |
| Total | $ 2,432,786 | $ 1,611,968 |

$542,281 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, 2026. 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, | |
|---|---|
| 2026 | $ (439,968) |
| 2027 | 615,162 |
| 2028 | 68,051 |
| 2029 | 40,230 |
| Total | $ 283,475 |

**9. Pension Plan: (Continued)**

e. Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2024 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 | 1.71% |

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.).

**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, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Public Equity | 56.3% | 3.6% |
| Investment Grade Debt | 22.8% | 2.3% |
| High Yield Debt | 7.0% | 2.8% |
| Real Estate | 12.0% | 4.0% |
| Cash | 1.9% | 0.8% |
| Total | 100.0% | |

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:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| District's proportionate share of the net pension liability (asset) | $ 6,451,291 | $ (12,695) | $ (5,302,250) |

**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 funds. | $ 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, 2025, 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.

**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, 2025, 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, 2025

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **Revenues** | | | | |
| Revenue from Local Sources: | | | | |
| Taxes: | | | | |
| Ad valorem taxes | $ 5,569,824 | $ 5,569,824 | $ 5,419,827 | $ (149,997) |
| Prior years' ad valorem taxes | -- | -- | 13,141 | 13,141 |
| Utility taxes | 67,886 | 67,886 | 56,279 | (11,607) |
| Penalties and interest on taxes | 40,000 | 40,000 | -- | (40,000) |
| Earnings on Investments and Deposits | 7,500 | 7,500 | 9,839 | 2,339 |
| Cocurricular Activities: | | | | |
| Admissions | 65,000 | 65,000 | 54,503 | (10,497) |
| Other student activity income | -- | -- | 39,121 | 39,121 |
| Other Revenue from Local Sources: | | | | |
| Contributions and donations | 7,500 | 7,500 | 10,227 | 2,727 |
| Other | 115,000 | 115,000 | 50,775 | (64,225) |
| Revenue from Intermediate Sources: | | | | |
| County Sources: | | | | |
| County apportionment | 117,101 | 117,101 | 167,081 | 49,980 |
| Revenue from State Sources: | | | | |
| Grants-in-Aid: | | | | |
| Unrestricted grants-in-aid | 5,041,775 | 5,041,775 | 5,161,929 | 120,154 |
| Restricted grants-in-aid | -- | -- | 17,048 | 17,048 |
| Revenue from Federal Sources: | | | | |
| Grants-in-Aid: | | | | |
| Restricted grants-in-aid received from federal government through the state | 112,992 | 112,992 | 100,038 | (12,954) |
| Total Revenues | $ 11,144,578 | $ 11,144,578 | $ 11,099,808 | $ (44,770) |

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

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **Expenditures** | | | | |
| Instructional Services: | | | | |
| Regular Programs: | | | | |
| Elementary | $ 1,950,384 | $ 1,950,384 | $ 1,985,896 | $ (35,512) |
| Middle/junior high | 2,368,962 | 2,368,962 | 2,337,208 | 31,754 |
| High school | 2,105,363 | 2,105,363 | 2,040,281 | 65,082 |
| Special Programs: | | | | |
| Culturally different | 224,527 | 224,527 | 215,622 | 8,905 |
| Educationally deprived | 263,630 | 263,630 | 206,883 | 56,747 |
| Other special programs | 78,765 | 78,765 | 72,947 | 5,818 |
| Support Services: | | | | |
| Students: | | | | |
| Guidance | 341,790 | 341,790 | 271,134 | 70,656 |
| Health | 107,762 | 107,762 | 105,464 | 2,298 |
| Instructional Staff: | | | | |
| Improvement of instruction | 46,594 | 46,594 | 28,853 | 17,741 |
| Educational media | 476,671 | 476,671 | 468,253 | 8,418 |
| General Administration: | | | | |
| Board of education | 288,325 | 288,325 | 280,402 | 7,923 |
| Executive administration | 204,490 | 204,490 | 261,382 | (56,892) |
| School Administration: | | | | |
| Office of the principal | 862,545 | 862,545 | 866,664 | (4,119) |
| Other | 2,500 | 2,500 | 121 | 2,379 |
| Business: | | | | |
| Fiscal services | 243,863 | 243,863 | 267,347 | (23,484) |
| Operation and maintenance of plant | 1,351,725 | 1,351,725 | 1,473,185 | (121,460) |
| Student transportation | 584,516 | 584,516 | 563,993 | 20,523 |
| Internal services | 116,130 | 116,130 | 110,957 | 5,173 |
| Central: | | | | |
| Staff | 6,700 | 6,700 | 5,688 | 1,012 |
| Cocurricular Activities: | | | | |
| Male activities | 139,489 | 139,489 | 125,266 | 14,223 |
| Female activities | 127,737 | 127,737 | 125,113 | 2,624 |
| Transportation | 120,120 | 120,120 | 121,393 | (1,273) |
| Combined activities | 375,743 | 375,743 | 368,280 | 7,463 |
| Total Expenditures | 12,388,331 | 12,388,331 | 12,302,332 | 85,999 |
| Excess of Revenues Over (Under) Expenditures | (1,243,753) | (1,243,753) | (1,202,524) | 41,229 |
| **Other Financing Sources:** | | | | |
| Operating transfers in | 500,000 | 500,000 | 500,000 | -- |
| Total Other Financing Sources: | 500,000 | 500,000 | 500,000 | -- |
| Net Change in Fund Balances | (743,753) | (743,753) | (702,524) | 41,229 |
| **Fund Balance, Beginning of Year** | 3,140,313 | 3,140,313 | 3,140,313 | -- |
| **Fund Balance, End of Year** | $ 2,396,560 | $ 2,396,560 | $ 2,437,789 | $ 41,229 |

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, 2025

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **Revenues** | | | | |
| Revenue from Local Sources: | | | | |
| Taxes: | | | | |
| Ad valorem taxes | $ 3,367,083 | $ 3,367,083 | $ 3,416,639 | $ 49,556 |
| Prior years' ad valorem taxes | -- | -- | 7,919 | 7,919 |
| Other Revenue from Local Sources: | | | | |
| Refund of prior years' expenditures | -- | -- | 3,629 | 3,629 |
| Other | -- | -- | 2,318 | 2,318 |
| Revenue from State Sources: | | | | |
| Grants-in-Aid | | | | |
| Unrestricted grants-in-aid | -- | -- | 96,610 | 96,610 |
| Revenue from Federal Sources: | | | | |
| Grants-in-Aid: | | | | |
| Restricted grants-in-aid received from federal government through the state | -- | -- | 486,405 | 486,405 |
| Other | 460,276 | 460,276 | -- | (460,276) |
| Total Revenues | 3,827,359 | 3,827,359 | 4,013,520 | 186,161 |
| **Expenditures** | | | | |
| Instructional Services: | | | | |
| Regular programs: | | | | |
| Elementary | 63,211 | 63,211 | 147,973 | (84,762) |
| Middle/junior high | 98,942 | 98,942 | 157,661 | (58,719) |
| High school | 417,941 | 417,941 | 458,767 | (40,826) |
| Special programs: | | | | |
| Culturally different | -- | -- | 5,244 | (5,244) |
| Support Services: | | | | |
| Instructional Staff: | | | | |
| Educational media | 1,051,417 | 1,051,417 | 145,219 | 906,198 |
| Business: | | | | |
| Fiscal Services | 31,564 | 31,564 | 28,786 | 2,778 |
| Operation and maintenance of plant | 1,944,561 | 1,944,561 | 1,083,835 | 860,726 |
| Student transportation | 126,194 | 126,194 | 124,412 | 1,782 |
| Debt Services | 966,667 | 966,667 | 63,089 | 903,578 |
| Cocurricular Activities: | | | | |
| Combined Activities | 22,500 | 22,500 | 49,569 | (27,069) |
| Total Expenditures | 4,722,997 | 4,722,997 | 2,264,555 | 2,458,442 |
| Excess of Revenue Over (Under) Expenditures | (895,638) | (895,638) | 1,748,965 | 2,644,603 |
| **Other Financing Sources (Uses):** | | | | |
| Transfers out | (500,000) | (500,000) | (500,000) | -- |
| Sale of surplus property | -- | -- | 2,002 | 2,002 |
| Total Other Financing Sources (Uses) | (500,000) | (500,000) | (497,998) | 2,002 |
| Net Change in Fund Balances | (1,395,638) | (1,395,638) | 1,250,967 | 2,646,605 |
| **Fund Balance, Beginning of Year** | 4,583,451 | 4,583,451 | 4,583,451 | -- |
| **Fund Balance, End of Year** | $ 3,187,813 | $ 3,187,813 | $ 5,834,418 | $ 2,646,605 |

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, 2025

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **Revenues** | | | | |
| Revenue from Local Sources: | | | | |
| Taxes: | | | | |
| Ad valorem taxes | $ 2,073,175 | $ 2,073,175 | $ 1,981,618 | $ (91,557) |
| Prior years' ad valorem taxes | -- | -- | 4,506 | 4,506 |
| Other Revenue from Local Sources: | | | | |
| Charges for services | -- | -- | 5,417 | 5,417 |
| Revenue from State Sources: | | | | |
| Grants-in-Aid: | | | | |
| Restricted grants-in-aid | 156,161 | 156,161 | 160,400 | 4,239 |
| Revenue from Federal Sources: | | | | |
| Grants-in-Aid: | | | | |
| Restricted grants-in-aid received from federal government through the state | 308,649 | 308,649 | 314,393 | 5,744 |
| Total Revenues | 2,537,985 | 2,537,985 | 2,466,334 | (71,651) |
| **Expenditures** | | | | |
| Instructional Services: | | | | |
| Special Programs: | | | | |
| Programs for Special Education | 1,868,232 | 1,868,232 | 1,655,949 | 212,283 |
| Support Services: | | | | |
| Students: | | | | |
| Psychological | 96,126 | 96,126 | 91,865 | 4,261 |
| Speech pathology | 262,530 | 262,530 | 250,292 | 12,238 |
| Student therapy services | 108,850 | 108,850 | 104,345 | 4,505 |
| Special Education: | | | | |
| Administrative costs | 166,855 | 166,855 | 168,241 | (1,386) |
| Total Expenditures | 2,502,593 | 2,502,593 | 2,270,692 | 231,901 |
| Net Change in Fund Balance | 35,392 | 35,392 | 195,642 | 160,250 |
| **Fund Balance, Beginning of Year** | 634,962 | 634,962 | 634,962 | -- |
| **Fund Balance, End of Year** | $ 670,354 | $ 670,354 | $ 830,604 | $ 160,250 |

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

**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

| Fiscal Year | District's Proportion of the Net Pension Liability/Asset | District's Proportionate Share of the Net Pension Liability/(Asset) | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) |
|---|---|---|---|---|---|
| 2025 | 0.313632% | $ (12,696) | $ 8,798,864 | 0.14% | 100.00% |
| 2024 | 0.329375% | $ (32,148) | $ 8,495,710 | 0.38% | 100.10% |
| 2023 | 0.320478% | $ (30,288) | $ 7,653,389 | 0.40% | 100.10% |
| 2022 | 0.326215% | $ (2,498,249) | $ 7,402,922 | 33.75% | 105.52% |
| 2021 | 0.326766% | $ (14,191) | $ 7,171,105 | 0.20% | 100.04% |
| 2020 | 0.328619% | $ (34,825) | $ 6,938,765 | 0.50% | 100.09% |
| 2019 | 0.327877% | $ (7,647) | $ 6,816,317 | 0.11% | 100.02% |
| 2018 | 0.327208% | $ (29,694) | $ 6,597,328 | 0.45% | 100.10% |
| 2017 | 0.320144% | $ 1,081,416 | $ 6,057,885 | 17.85% | 96.89% |
| 2016 | 0.316722% | $ (1,343,309) | $ 5,761,556 | 23.32% | 104.10% |

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

| Fiscal Year | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2025 | $ 542,281 | $ 542,281 | $ -- | $ 9,038,079 | 6.00% |
| 2024 | $ 527,937 | $ 527,937 | $ -- | $ 8,798,864 | 6.00% |
| 2023 | $ 509,747 | $ 509,747 | $ -- | $ 8,495,710 | 6.00% |
| 2022 | $ 459,152 | $ 459,152 | $ -- | $ 7,653,389 | 6.00% |
| 2021 | $ 444,172 | $ 444,172 | $ -- | $ 7,402,922 | 6.00% |
| 2020 | $ 429,907 | $ 429,907 | $ -- | $ 7,171,105 | 5.99% |
| 2019 | $ 415,964 | $ 415,964 | $ -- | $ 6,938,765 | 5.99% |
| 2018 | $ 408,975 | $ 408,975 | $ -- | $ 6,816,317 | 6.00% |
| 2017 | $ 396,172 | $ 396,172 | $ -- | $ 6,597,328 | 6.01% |
| 2016 | $ 363,474 | $ 363,474 | $ -- | $ 6,057,885 | 6.00% |

**Changes from Prior Valuation**

The June 30, 2024, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023, Actuarial Valuation.

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

**Benefit Provision Changes**

During the 2024 Legislative Session no significant SDRS benefit changes were made.

**Actuarial Method Changes**

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

**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, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

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

## Supplementary Information

## Dakota Valley School District No. 61-8

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | | Federal Expenditures |
|---|---|---|---|---|
| U.S. Department of Agriculture: | | | | |
| Pass through the S.D Department of Education | | | | |
| Child Nutrition Cluster: | | | | |
| Non-Cash Assistance (Commodities): | | | | |
| National School Lunch Program | 10.555 | NSLP-61008-25 | $ 35,804 | |
| Cash Assistance: | | | | |
| School Breakfast Program (Note 3) | 10.553 | NSLP-61008-25 | 32,166 | |
| National School Lunch Program (Note 3) | 10.555 | NSLP-61008-25 | 155,588 | |
| Supply Chain Asst. (Note 3) | 10.555 | NSLP-61008-25 | 36,770 | |
| Total Child Nutrition Cluster | | | | 260,328 |
| Total U.S. Department of Agriculture | | | | 260,328 |
| U.S. Department of Homeland Security | | | | |
| Pass through the SD Department of Public Safety | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Note 4) | 97.036 | 480DR-SD | | 486,405 |
| Total U.S. Department of Homeland Security | | | | 486,405 |
| U.S. Department of Education: | | | | |
| Pass through the S.D. Department of Education: | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | TIA-61008-25 | | 67,162 |
| Career and Technical Education | 84.048 | PRPI-61008-25 | | 6,082 |
| Special Education-Grants for Infants and Families | 84.181 | NA | | 525 |
| Supporting Effective Instruction State Grant | 84.367 | TIIA-61008-25 | | 16,794 |
| Student Support and Academic Enrichment Program | 84.424 | TIVA-61008-25 | | 10,000 |
| Special Education Cluster: | | | | |
| Special Education Grants to States (IDEA, Part B) | 84.027 | 611-61008-25 | 306,798 | |
| Special Education - Preschool Grants (IDEA, Preschool) | 84.173 | 619-61008-25 | 7,126 | |
| Total Special Education Cluster | | | | 313,924 |
| Total U.S. Department of Education | | | | 414,487 |
| Grand Total | | | | $ 1,161,220 |

**1. Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Dakota Valley School District No. 61-81 under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Dakota Valley School District No. 61-8, it is not intended to and does not present the financial position, changes in net position, or cash flows of Dakota Valley School District No. 61-8.

**2. Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. Federal Reimbursements:**

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

**4. Major Federal Financial Assistance Program:**

This represents a Major Federal Financial Assistance Program.