

Dakota Valley School District No. 61-8

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

**For the Year Ended
June 30, 2022**

Dakota Valley School District No. 61-8

School District Officials

June 30, 2022

Board Members

Steve Kistner ----- Board President

Jeff Dooley -----Vice President

Andrew Nilges ----- Member

Matt Thompson ----- Member

Sara Weber ----- Member

Dr. Tonia Warzecha-----Superintendent

Jill Sponder -----Business Manager

Dakota Valley School District No. 61-8

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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, 2022, 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 May 22, 2023, 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 certain deficiencies in internal control, described in the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs, as item 2022-001 to be a material weakness.

Report on Compliance and Other Matters

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

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit. The School District's response to the findings identified in our audit are described in the accompanying Schedule of Prior and Current Audit Findings 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.

Handwritten signature in cursive script that reads "CIO Prof LLC".

Elk Point, South Dakota
May 22, 2023



**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, 2022. 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, 2022.

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.

Handwritten signature in cursive script that reads "ELO Prof LLC".

Elk Point, South Dakota
May 22, 2023

Dakota Valley School District No. 61-8
 Schedule of Prior and Current Audit Findings and Questioned Costs
 Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements:

An unmodified opinion was issued on the business-type activities, each major fund, and the aggregate remaining fund information for the primary government. 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(es) identified: X Yes None reported
 Significant deficiencies identified that are not considered to be material weakness(es)? Yes X None reported
 Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? Yes X None reported
 Significant deficiencies identified that are not considered to be material weakness(es)? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a). Yes X No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 & 10.555	Child Nutrition Cluster
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan Elementary and Secondary School Emergency Relief

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Dakota Valley School District No. 61-8
Schedule of Prior and Current Audit Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

Section II – Financial Statement Findings

Prior Audit Findings

Finding 2021-001 – Lack of Segregation of Duties

A material weakness 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 2022-001.

Current Audit Findings

Finding 2022-001 – Lack of Segregation of Duties

Condition: There is a general lack of segregation of duties and monitoring of accounting functions including payroll, journal entries, and reconciliations specifically relating to year-end entries due to the small staff size and lack of involvement of other business office employees in the finance function of the District.

Criteria: Duties within the finance function of the District should be segregated among Business Office employees and activities monitored to mitigate risk of error.

Cause: This condition exists due to small staff size within the finance function of the District. These issues are common in a district of this size.

Effect: The Business Manager performs closing entries and reconciliations without oversight. The possibility of fraud or errors occurring and not being detected or corrected is present.

Auditor's Recommendation: It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with the Business Manager performing entries and reconciliations without proper oversight, because of cost or other considerations.

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

Repeat Finding from Prior Years: Yes

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

1150 Northshore Dr • North Sioux City, South Dakota 57049
605-422-3800 • Fax: 605-422-3807

Jill Sponder
Business Manager

Dr. Tonia Warzecha
Superintendent

Corrective Action Plan (Unaudited)

Dakota Valley School District No. 61-8 respectfully submits the following corrective action plan for the year ended June 30, 2022:

Dakota Valley School District No. 61-8 has considered the lack of segregation of duties. At this time, it is not cost efficient for Dakota Valley School District No. 61-8 to hire the additional staff needed to achieve segregation of duties. Alternate procedures have been implemented by Dakota Valley School District No. 61-8 to decrease the likelihood that financial data is adversely affected.

Dakota Valley School District No. 61-8 will continue to monitor the necessity to have segregation of duties and implement such segregation as budget dollars and board authority allows.

Name and address of independent public accounting firm:

ELO Prof. LLC
110 W Main
Elk Point, SD 57025

Name of Responsible Person: Jill Sponder, Business Manager

Name of Department Contact: Jill Sponder, Business Manager

Anticipated Date: Ongoing

The Mission of the Dakota Valley School District is:

TO ENSURE ALL STUDENTS RECEIVE AN ENRICHED EDUCATIONAL EXPERIENCE IN A SAFE ENVIRONMENT

DAKOTA VALLEY SCHOOL DISTRICT IS AN EQUAL OPPORTUNITY EMPLOYER



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, 2022, 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, 2022, 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 School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations 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 May 22, 2023 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.



Elk Point, South Dakota
May 22, 2023

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2022

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, 2022. 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 \$11,597,171 from taxes and \$6,359,646 from other revenue sources of the governmental fund activities. The district had a total expense of \$16,093,887 of the governmental funds activities resulting in a net increase of \$1,862,930. There was a total of \$1,111,319 revenue generated from business-type funds and \$859,229 in expenses of the business-type funds. There was a net increase of \$246,063 in the food service fund and a net increase of \$6,027 in the driver's education fund.

Overview of the Financial Statements

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

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

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

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

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

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

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2022

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

Figure A-1
Major Features of the School's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the School operates similar to private businesses, the food service operation and drivers’ education program.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, • Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus 	<ul style="list-style-type: none"> • Modified accrual accounting and current financial resources focus 	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus 	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2022

Government-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2022

The School has three kinds of funds:

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

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2022

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
	2021	2022	2021	2022	2021	2022	2021-2022
Current and Other Assets	\$ 13,559,630	\$ 17,925,153	\$ 460,176	\$ 726,337	\$ 14,019,806	\$ 18,651,490	33.04%
Capital Assets (Net of Depreciation)	40,110,450	38,715,905	103,499	89,507	40,213,949	38,805,412	-3.50%
Total Assets	53,670,080	56,641,058	563,675	815,844	54,233,755	57,456,902	5.94%
Pension Related Deferred Outflows	2,277,481	3,423,826	--	--	2,277,481	3,423,826	50.33%
Total Deferred Outflows or Resources	2,277,481	3,423,826	--	--	2,277,481	3,423,826	50.33%
Long-Term Liabilities Outstanding	28,014,989	27,254,773	--	--	28,014,989	27,254,773	-2.71%
Other Liabilities	1,299,222	1,434,881	52,119	52,198	1,351,341	1,487,079	10.04%
Total Liabilities	29,314,211	28,689,654	52,119	52,198	29,366,330	28,741,852	-2.13%
Taxes Levied for Future Period	4,994,455	4,906,164	--	--	4,994,455	4,906,164	-1.77%
Pension Related Deferred Inflows	1,860,755	4,827,996	--	--	1,860,755	4,827,996	159.46%
Total Deferred Inflows of Resources	6,855,210	9,734,160	--	--	6,855,210	9,734,160	42.00%
Net Investment in Capital Assets	12,310,015	11,609,413	103,499	89,507	12,413,514	11,698,920	-5.76%
Restricted	4,514,174	6,928,348	--	--	4,514,174	6,928,348	53.48%
Unrestricted	2,953,951	3,103,309	408,057	674,139	3,362,008	3,777,448	12.36%
Total Net Position	19,778,140	21,641,070	511,556	763,646	20,289,696	22,404,716	10.42%
Beginning Net Position	17,914,160	19,778,140	451,535	511,556	18,365,695	20,289,696	10.48%
Increase (Decrease) in Net Position	\$ 1,863,980	\$ 1,862,930	\$ 60,021	\$ 252,090	\$ 1,924,001	\$ 2,115,020	-9.93%
Percentage of Increase (Decrease) in Net Position	10.41%	9.42%	13.29%	49.28%	10.48%	10.42%	

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

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

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2022

Changes in Net Position

This section will show condensed financial comparison of revenues and expenses and provide explanations for significant differences. The District's total revenues totaled \$19,068,136. Approximately 61% of the District's revenue comes from property and other taxes, with another 22% 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 2021-2022

Taxes	\$ 11,597,171	60.82%
State Sources	4,247,816	22.28%
Operating Grants & Contributions	1,917,884	10.06%
Charges For Services	984,039	5.16%
Other General Revenues	314,882	1.65%
Unrestricted Investment Earnings	6,344	0.03%
Total Revenue	\$ 19,068,136	100.00%

The total cost of all functional programs and services increased by \$788,258 or approximately 4.88%. 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 2021-2022

Instruction	\$ 8,882,226	52.40%
Support Services	5,376,584	31.71%
Interest - on Long-Term Debt	900,138	5.31%
Cocurricular Activities	934,939	5.51%
Food Service	843,756	4.98%
Other Enterprise	15,473	0.09%
Total Expenditures	\$ 16,953,116	100.00%

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2022

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
	2021	2022	2021	2022	2021	2022	
Revenues							
Program Revenues							
Charge for Services	\$ 73,959	\$ 730,262	\$ 229,527	\$ 253,777	\$ 303,486	\$ 984,039	224.25%
Operating Grants/ Contributions	1,432,020	1,060,854	584,001	857,030	2,016,021	1,917,884	-4.87%
General Revenues							
Taxes	11,298,477	11,597,171	--	--	11,298,477	11,597,171	2.64%
Revenue State Sources	4,208,454	4,247,816	--	--	4,208,454	4,247,816	0.94%
Other general revenues	252,750	314,882	--	--	252,750	314,882	24.58%
Unrestricted Investment Earnings	9,185	5,832	486	512	9,671	6,344	-34.40%
	<u>17,274,845</u>	<u>17,956,817</u>	<u>814,014</u>	<u>1,111,319</u>	<u>18,088,859</u>	<u>19,068,136</u>	<u>5.41%</u>
Expenses							
Instruction	8,902,205	8,882,226	--	--	8,902,205	8,882,226	-0.22%
Support Services	4,825,616	5,376,584	--	--	4,825,616	5,376,584	11.42%
Interest on long-term debt	834,957	900,138	--	--	834,957	900,138	7.81%
Co-curricular Activities	848,087	934,939	--	--	848,087	934,939	10.24%
Food Service	--	--	734,673	843,756	734,673	843,756	14.85%
Other Enterprise	--	--	19,320	15,473	19,320	15,473	-19.91%
	<u>15,410,865</u>	<u>16,093,887</u>	<u>753,993</u>	<u>859,229</u>	<u>16,164,858</u>	<u>16,953,116</u>	<u>4.88%</u>
Increase (Decrease) in Net Position	1,863,980	1,862,930	60,021	252,090	1,924,001	2,115,020	9.93%
Beginning Net Position	<u>17,914,160</u>	<u>19,778,140</u>	<u>451,535</u>	<u>511,556</u>	<u>18,365,695</u>	<u>20,289,696</u>	<u>10.48%</u>
Ending Net Position	<u>\$19,778,140</u>	<u>\$21,641,070</u>	<u>\$ 511,556</u>	<u>\$ 763,646</u>	<u>\$20,289,696</u>	<u>\$22,404,716</u>	<u>10.42%</u>

Governmental Activities

The increase in governmental activities was due an increase in charges for services.

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2022

Business-Type Activities

Revenues of the District’s business-type activities increased by \$297,305 or 37%, and expenses increased by \$105,236 or approximately 14%. Factors contributing to these results include an increase in operating grants/contributions, along with increased expenditures in food service.

Financial Analysis of the District’s Funds

The general fund had an increase of \$309,057 in its fund balance for fiscal year 2022. The ending fund balance for the General Fund was \$3,339,522. 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 \$1,068,318 and had an ending fund balance of \$2,800,799. The Special Education fund had an increase of \$198,659, ending with a fund balance of \$738,359.

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 2022, the School had invested \$38,805,412 (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 \$1,408,537 from the previous year

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

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2021	2022	2021	2022		
Land	\$ 625,964	\$ 625,964	\$ --	\$ --	\$ --	0.00%
Construction in progress	60,881	--	--	--	(60,881)	-100.00%
Buildings & Improvements	38,237,085	36,848,547	--	--	(1,388,538)	-3.63%
Machinery & Equipment	1,000,897	942,487	103,499	89,507	(72,402)	-6.56%
Intangible Lease Assets	--	109,193	--	--	109,193	100.00%
Library Books	185,623	189,714	--	--	4,091	2.20%
Total Capital Assets	\$ 40,110,450	\$ 38,715,905	\$ 103,499	\$ 89,507	\$ (1,408,537)	-3.50%

Dakota Valley School District No. 61-8
Management Discussion and Analysis (MD&A)
June 30, 2022

Long-Term Debt

At year-end, the School had \$27,254,773 in general long-term obligations. This balance includes General Obligation Bonds, Direct Borrowings, Compensated Absences, and Leases. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	<u>Governmental Activities</u>		<u>Total Dollar Change</u>	<u>Total % Change</u>
	<u>2021</u>	<u>2022</u>		
General Obligation Bonds	\$ 26,265,000	\$ 25,465,000	\$ (800,000)	-3.05%
Plus: Unamortized Premiums	1,535,435	1,458,663	(76,772)	-5.00%
Intangible Lease Liabilities	--	163,789	163,789	100.00%
Direct Borrowing	101,763	19,040	(82,723)	-81.29%
Accrued Compensated Absences	112,791	148,281	35,490	31.47%
Total Outstanding Debt	<u>\$ 28,014,989</u>	<u>\$ 27,254,773</u>	<u>\$ (760,216)</u>	<u>-2.71%</u>

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

Economic Factors and Next Year’s Budgets and Rates

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

Given the amount of construction of new homes and apartments in the District and economic expansion in the area, enrollment decreased in FY2022 to 1,372 students, which will result in a slightly lower funding basis for subsequent fiscal planning.

The District’s enrollment decreased by from 1,376 in FY21 to 1,372 in FY22.

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, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 9,094,998	\$ 720,915	\$ 9,815,913
Investments-certificates of deposit	381,680	--	381,680
Taxes receivable	4,973,717	--	4,973,717
Inventories	--	306	306
Other assets	976,510	5,116	981,626
Net pension asset	2,498,248	--	2,498,248
Capital assets:			
Land and construction in progress	625,964	--	625,964
Other capital assets, net	38,089,941	89,507	38,179,448
Total Assets	56,641,058	815,844	57,456,902
Deferred Outflows of Resources:			
Pension-related deferred outflows	3,423,826	--	3,423,826
Total Deferred Outflows of Resources	3,423,826	--	3,423,826
Liabilities:			
Unearned revenue	--	47,423	47,423
Other current liabilities	1,434,881	4,775	1,439,656
Long-term liabilities:			
Due within one year	1,139,169	--	1,139,169
Due in more than one year	26,115,604	--	26,115,604
Total Liabilities	28,689,654	52,198	28,741,852
Deferred Inflows of Resources:			
Taxes levied for future periods	4,906,164	--	4,906,164
Pension related deferred inflows	4,827,996	--	4,827,996
Total Deferred Inflows of Resources	9,734,160	--	9,734,160
Net Position:			
Net investment in capital assets	11,609,413	89,507	11,698,920
Restricted for:			
Capital outlay	2,814,365	--	2,814,365
Special education	745,902	--	745,902
Debt service	1,892,323	--	1,892,323
Science center	381,680	--	381,680
SDRS pension purposes	1,094,078	--	1,094,078
Unrestricted	3,103,309	674,139	3,777,448
Total Net Position	\$ 21,641,070	\$ 763,646	\$ 22,404,716

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, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 8,882,226	\$ --	\$ 1,060,854	\$ (7,821,372)	\$ --	\$ (7,821,372)
Support services	5,376,584	648,181	--	(4,728,403)	--	(4,728,403)
Interest on long-term debt*	900,138	--	--	(900,138)	--	(900,138)
Cocurricular activities	934,939	82,081	--	(852,858)	--	(852,858)
Total Governmental Activities	16,093,887	730,262	1,060,854	(14,302,771)	--	(14,302,771)
Business-Type Activities:						
Food service	843,756	232,277	857,030	--	245,551	245,551
Other enterprise	15,473	21,500	--	--	6,027	6,027
Total Business Type Activities	859,229	253,777	857,030	--	251,578	251,578
Total Primary Government	\$ 16,953,116	\$ 984,039	\$ 1,917,884	(14,302,771)	251,578	(14,051,193)
General Revenues:						
Taxes:						
				11,551,624	--	11,551,624
				45,547	--	45,547
Revenue from State Sources:						
				4,231,787	--	4,231,787
				16,029	--	16,029
				5,832	512	6,344
				314,882	--	314,882
				<u>16,165,701</u>	<u>512</u>	<u>16,166,213</u>
				1,862,930	252,090	2,115,020
				<u>19,778,140</u>	<u>511,556</u>	<u>20,289,696</u>
				<u>\$ 21,641,070</u>	<u>\$ 763,646</u>	<u>\$ 22,404,716</u>

*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, 2022

	General	Capital Outlay	Special Education	Bond Redemption Funds	Science Center Fund	Capital Projects Funds	Total Governmental Funds
Assets:							
Cash and cash equivalents	\$ 3,667,238	\$ 2,802,571	\$ 743,033	\$ 1,882,156	\$ --	\$ --	\$ 9,094,998
Investments-certificates of deposit	--	--	--	--	381,680	--	381,680
Accounts receivable	422	--	--	--	--	--	422
Taxes receivable - current	2,136,136	1,228,088	671,186	870,754	--	--	4,906,164
Taxes receivable - delinquent	36,277	13,566	7,543	10,167	--	--	67,553
Due from other governments	814,493	--	161,595	--	--	--	976,088
Due from other fund	--	124,209	--	--	--	--	124,209
Total Assets	\$ 6,654,566	\$ 4,168,434	\$ 1,583,357	\$ 2,763,077	\$ 381,680	\$ --	\$ 15,551,114
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	\$ 113,803	\$ 125,981	\$ 9,228	\$ --	\$ --	\$ --	\$ 249,012
Due to other fund	--	--	--	--	--	124,209	124,209
Contracts payable	833,238	--	126,432	--	--	--	959,670
Payroll deductions and withholding and employer matching payable	195,590	--	30,609	--	--	--	226,199
Total Liabilities	1,142,631	125,981	166,269	--	--	124,209	1,559,090
Deferred Inflows of Resources:							
Taxes levied for future period	2,136,136	1,228,088	671,186	870,754	--	--	4,906,164
Delinquent taxes not available	36,277	13,566	7,543	10,167	--	--	67,553
Total Deferred Inflows of Resources	2,172,413	1,241,654	678,729	880,921	--	--	4,973,717
Fund Balances:							
Restricted:							
For capital outlay	--	2,800,799	--	--	--	--	2,800,799
For special education	--	--	738,359	--	--	--	738,359
For science center	--	--	--	--	381,680	--	381,680
For debt service	--	--	--	1,882,156	--	--	1,882,156
Unassigned	3,339,522	--	--	--	--	(124,209)	3,215,313
Total Fund Balances	3,339,522	2,800,799	738,359	1,882,156	381,680	(124,209)	9,018,307
Total Liabilities and Fund Balances	\$ 6,654,566	\$ 4,168,434	\$ 1,583,357	\$ 2,763,077	\$ 381,680	\$ --	\$ 15,551,114

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, 2022

Total Fund Balances - Governmental Funds		\$ 9,018,307
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.		38,715,905
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Intangible Lease Liability	(163,789)	
GO Bonds	(26,923,663)	
Direct Borrowing Notes	(19,040)	
Compensated Absences	<u>(148,281)</u>	(27,254,773)
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		67,553
Proportionate Share of Net Pension Asset		2,498,248
Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds.		(4,827,996)
Pension related deferred outflows are components of non current assets and therefore are not reported in the funds.		<u>3,423,826</u>
Net Position - Governmental Activities		<u>\$ 21,641,070</u>

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

Dakota Valley School District No. 61-8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2022

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption Funds</u>	<u>Science Center Fund</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Revenue from Local Sources:							
Taxes:							
Ad valorem taxes	\$ 4,956,519	\$ 2,805,921	\$ 1,560,818	\$ 1,989,895	\$ --	\$ --	\$ 11,313,153
Prior years' ad valorem taxes	218,195	8,772	4,883	6,621	--	--	238,471
Utility taxes	45,547	--	--	--	--	--	45,547
Earnings on Investments and Deposits	5,832	--	--	--	--	--	5,832
Cocurricular Activities:							
Admissions	62,076	--	--	--	--	--	62,076
Other student activity income	20,005	--	--	--	--	--	20,005
Other Revenue from Local Sources:							
Contributions and donations	25,475	--	--	--	--	--	25,475
Refund of prior year's expenditures	12,453	--	--	--	--	--	12,453
Charges for services	--	--	12,651	--	--	--	12,651
Other	82,035	--	613	--	--	--	82,648
Revenue from Intermediate Sources:							
County Sources:							
County apportionment	183,229	--	--	--	--	--	183,229
Revenue from State Sources:							
Grants-in-Aid:							
Unrestricted grants-in-aid	4,231,787	--	--	--	--	--	4,231,787
Restricted grants-in-aid	16,029	--	--	--	--	--	16,029
Revenue from Federal Sources:							
Grants-in-Aid:							
Restricted grants-in-aid received from federal government through the state	658,923	--	401,931	--	--	--	1,060,854
Total Revenues	\$ 10,518,105	\$ 2,814,693	\$ 1,980,896	\$ 1,996,516	\$ --	\$ --	\$ 17,310,210

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, 2022 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption Funds</u>	<u>Science Center Fund</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>
Expenditures							
Instructional Services:							
Regular Programs:							
Elementary	\$ 2,096,770	\$ 28,310	\$ --	\$ --	\$ --	\$ --	\$ 2,125,080
Middle/junior high	2,034,603	49,588	--	--	--	--	2,084,191
High school	1,983,115	135,823	--	--	--	--	2,118,938
Special Programs:							
Programs for special education	--	--	1,349,195	--	--	--	1,349,195
Educationally deprived	53,936	--	--	--	--	--	53,936
Other special programs	29,201	--	--	--	--	--	29,201
Support Services:							
Students:							
Guidance	345,979	--	--	--	--	--	345,979
Health	90,817	--	--	--	--	--	90,817
Psychological	--	--	75,524	--	--	--	75,524
Speech pathology	--	--	137,069	--	--	--	137,069
Student therapy services	--	--	80,144	--	--	--	80,144
Instructional Staff:							
Improvement of instruction	33,759	--	--	--	--	--	33,759
Educational media	491,261	325,768	--	--	--	--	817,029
General Administration:							
Board of education	245,212	--	--	--	--	--	245,212
Executive administration	176,892	--	--	--	--	--	176,892
School Administration:							
Office of the principal	606,148	--	--	--	--	--	606,148
Other	105	--	--	--	--	--	105
Business:							
Fiscal services	203,799	18,270	--	--	--	--	222,069
Operation and maintenance of plant	1,170,091	294,384	--	--	--	--	1,464,475
Student transportation	490,259	86,727	--	--	--	--	576,986
Internal Services	89,647	--	--	--	--	--	89,647
Special Education:							
Administrative costs	--	--	140,305	--	--	--	140,305
Central:							
Staff	6,484	--	--	--	--	--	6,484

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, 2022 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption Funds</u>	<u>Science Center Fund</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>
Debt Services	--	171,183	--	1,688,450	--	--	1,859,633
Cocurricular Activities:							
Male activities	114,347	--	--	--	--	--	114,347
Female activities	97,586	--	--	--	--	--	97,586
Transportation	105,169	--	--	--	--	--	105,169
Combined activities	293,868	43,548	--	--	--	--	337,416
Capital Outlay	--	256,563	--	--	--	--	256,563
Total Expenditures	<u>10,759,048</u>	<u>1,410,164</u>	<u>1,782,237</u>	<u>1,688,450</u>	<u>--</u>	<u>--</u>	<u>15,639,899</u>
Excess of Revenue Over (Under) Expenditures	(240,943)	1,404,529	198,659	308,066	--	--	1,670,311
Other Financing Sources (Uses):							
Transfer in	550,000	--	--	--	--	--	550,000
Transfer out	--	(500,000)	--	--	(50,000)	--	(550,000)
General long-term debt issued	--	163,789	--	--	--	--	163,789
Total Other Financing Sources (Uses)	<u>550,000</u>	<u>(336,211)</u>	<u>--</u>	<u>--</u>	<u>(50,000)</u>	<u>--</u>	<u>163,789</u>
Net Change in Fund Balances	309,057	1,068,318	198,659	308,066	(50,000)	--	1,834,100
Fund Balance, Beginning of Year	<u>3,030,465</u>	<u>1,732,481</u>	<u>539,700</u>	<u>1,574,090</u>	<u>431,680</u>	<u>(124,209)</u>	<u>7,184,207</u>
Fund Balance, End of Year	<u>\$ 3,339,522</u>	<u>\$ 2,800,799</u>	<u>\$ 738,359</u>	<u>\$ 1,882,156</u>	<u>\$ 381,680</u>	<u>\$ (124,209)</u>	<u>\$ 9,018,307</u>

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

Dakota Valley School District No. 61-8

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		\$ 1,834,100
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.		256,563
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.		(1,649,534)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds of \$0 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(1,574)
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	876,772	
Direct Borrowing Notes	<u>82,723</u>	959,495
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government-wide statements.		(163,789)
Governmental funds do not reflect the change in early retirement liabilities but the Statement of Activities reflects the change in these accruals through expenses.		(35,490)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		<u>663,159</u>
Change in net position of governmental activities		<u>\$ 1,862,930</u>

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

Dakota Valley School District No. 61-8
Statement of Net Position – Proprietary Funds
June 30, 2022

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 684,555	\$ 36,360	\$ 720,915
Accounts receivable, net	5,116	--	5,116
Inventory of donated food	306	--	306
Total Current Assets	<u>689,977</u>	<u>36,360</u>	<u>726,337</u>
Noncurrent Assets:			
Machinery and equipment - local funds	395,211	--	395,211
Less accumulated depreciation	<u>(305,704)</u>	<u>--</u>	<u>(305,704)</u>
Total Noncurrent Assets	<u>89,507</u>	<u>--</u>	<u>89,507</u>
Total Assets	<u>\$ 779,484</u>	<u>\$ 36,360</u>	<u>\$ 815,844</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 4,425	\$ 350	\$ 4,775
Unearned revenue	<u>47,423</u>	<u>--</u>	<u>47,423</u>
Total Current Liabilities	<u>51,848</u>	<u>350</u>	<u>52,198</u>
Net Position:			
Net investment in capital assets	89,507	--	89,507
Unrestricted net position	<u>638,129</u>	<u>36,010</u>	<u>674,139</u>
Total Net Position	<u>\$ 727,636</u>	<u>\$ 36,010</u>	<u>\$ 763,646</u>

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

Dakota Valley School District No. 61-8

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

June 30, 2022

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Operating Revenue:			
Food Sales:			
Adult	\$ 21,333	\$ --	\$ 21,333
A la carte	210,944	--	210,944
Other charges for goods and services	--	21,500	21,500
Total Operating Revenue	232,277	21,500	253,777
Operating Expenses:			
Salaries	--	13,856	13,856
Employee benefits	--	1,617	1,617
Purchased services	813,289	--	813,289
Supplies	4,569	--	4,569
Cost of sales - donated	11,906	--	11,906
Depreciation	13,992	--	13,992
Total Operating Expenses	843,756	15,473	859,229
Operating Income(Loss)	(611,479)	6,027	(605,452)
Nonoperating Revenues/Expenses:			
Investment Earnings	512	--	512
Other local revenue	9	--	9
State grants	2,009	--	2,009
Federal grants	843,958	--	843,958
Donated food	11,054	--	11,054
Total Nonoperating Revenue/ (Expenses)	857,542	--	857,542
Change in Net Position	246,063	6,027	252,090
Net Position - Beginning of Year	481,573	29,983	511,556
Net Position - End of Year	\$ 727,636	\$ 36,010	\$ 763,646

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, 2022

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 243,713	\$ 21,500	\$ 265,213
Cash payments to suppliers	(822,928)	(150)	(823,078)
Cash payments to employees	--	(21,610)	(21,610)
Net Cash (Used) by Operating Activities	<u>(579,215)</u>	<u>(260)</u>	<u>(579,475)</u>
Cash Flows from Noncapital Financing Activities:			
Other local revenue	9	--	9
Cash reimbursements - state	2,009	--	2,009
Cash reimbursements - federal	854,685	--	854,685
Net Cash Provided by Noncapital Financing Activities	<u>856,703</u>	<u>--</u>	<u>856,703</u>
Cash Flows from Investing Activities:			
Investment Earnings	512	--	512
Net Cash Provided by Investing Activities	<u>512</u>	<u>--</u>	<u>512</u>
Net Change in Cash and Cash Equivalents	278,000	(260)	277,740
Cash and Cash Equivalents, Beginning of Year	406,555	36,620	443,175
Cash and Cash Equivalents, End of Year	<u>\$ 684,555</u>	<u>\$ 36,360</u>	<u>\$ 720,915</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (611,479)	\$ 6,027	\$ (605,452)
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities:			
Depreciation expense	13,992	--	13,992
Value of commodities used	11,906	--	11,906
Change in Assets and Liabilities:			
Deferred revenue	11,436	--	11,436
Contracts payable	--	(5,400)	(5,400)
Accrued payroll expenses	--	(737)	(737)
Accounts payable	(5,070)	(150)	(5,220)
Net Cash (Used) by Operating Activities	<u>\$ (579,215)</u>	<u>\$ (260)</u>	<u>\$ (579,475)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 11,054</u>	<u>\$ --</u>	<u>\$ 11,054</u>

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

Dakota Valley School District No. 61-8
Statement of Net Position – Fiduciary Funds
June 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ --	\$ 53,038
Investments-certificates of deposit	16,040	--
Accounts receivable	--	38,539
	\$ 16,040	\$ 91,577
Total Assets	\$ 16,040	\$ 91,577
Liabilities:		
Accounts payable	\$ --	\$ 4,963
Net Position:		
Restricted for:		
Scholarships	\$ 16,040	\$ --
Individuals, organizations, and other governments	--	86,614
	\$ 16,040	\$ 86,614
Total Net Position	\$ 16,040	\$ 86,614

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, 2022

	Private-Purpose Trust Funds	Custodial Funds
Additions:		
Collections for student activities	\$ --	\$ 173,749
Total Additions	--	173,749
Deductions:		
Payments for student activities	--	167,097
Total Deductions	--	167,097
Change in Net Position	--	6,652
Net Position - Beginning	16,040	79,962
Net Position - Ending	\$ 16,040	\$ 86,614

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies:

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

a. Financial Reporting Entity:

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

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

b. Government-Wide and Fund Financial Statements:

Government-Wide Financial Statements:

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

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

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

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

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

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

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.

Capital Projects Funds – Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The High School Building Capital Projects Fund is the only capital projects fund maintained by the School District. This is a major fund.

Proprietary Funds:

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

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

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

Fiduciary Funds:

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

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

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

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, 2022 are due from other governments for grants and other accounts receivable.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

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, 2022 balance of capital assets for governmental activities includes approximately less than .6% for which the costs were determined by estimates of the original costs. The total June 30, 2022 balance of capital assets for business-type activities includes approximately less than 6% for which the values were determined by estimates of the original cost. These estimated original costs were established be deflated current replacement costs.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

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

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

h. Deferred Outflows/Inflows of Resources:

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

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

i. Program Revenues:

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

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

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents:

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

i. 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.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

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

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

o. Use of Estimates:

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

p. Pensions:

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

q. Leases:

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

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

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

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

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

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

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.

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, 2022, 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, 2022.

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.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

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, 2022 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.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

6. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2022 is as follows:

	<u>6/30/2021</u>			<u>6/30/2022</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 625,964	\$ --	\$ --	\$ 625,964
Construction in progress	60,881	--	60,881	--
Total capital assets not being depreciated/amortized	<u>686,845</u>	<u>--</u>	<u>60,881</u>	<u>625,964</u>
Capital assets being depreciated/amortized:				
Buildings	50,999,894	--	--	50,999,894
Improvements	3,557,664	--	--	3,557,664
Machinery & equipment	2,519,812	137,070	40,035	2,616,847
Intangible lease assets	--	163,789	--	163,789
Library books	265,023	16,585	31,736	249,872
Total capital assets being depreciated/amortized	<u>57,342,393</u>	<u>317,444</u>	<u>71,771</u>	<u>57,588,066</u>
Less accumulated depreciation/amortization for:				
Buildings	14,074,341	1,171,451	--	15,245,792
Improvements	2,246,132	217,087	--	2,463,219
Machinery & equipment	1,518,915	193,906	38,461	1,674,360
Intangible lease assets	--	54,596	--	54,596
Library books	79,400	12,494	31,736	60,158
Total accumulated depreciation/amortization	<u>17,918,788</u>	<u>1,649,534</u>	<u>70,197</u>	<u>19,498,125</u>
Total capital assets being depreciated/amortized, net	<u>39,423,605</u>	<u>(1,332,090)</u>	<u>1,574</u>	<u>38,089,941</u>
Net Capital Assets	<u>\$ 40,110,450</u>	<u>\$ (1,332,090)</u>	<u>\$ 62,455</u>	<u>\$ 38,715,905</u>

Depreciation/amortization expense was charged to functions as follows:

Instruction	\$ 1,121,683
Support services	247,430
Co-curricular activities	280,421
Total Depreciation/Amortization Expense	<u>\$ 1,649,534</u>

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

6. Changes in Capital Assets: (Continued)

	<u>Balance 6/30/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2022</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 395,211	\$ --	\$ --	\$ 395,211
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>291,712</u>	<u>13,992</u>	<u>--</u>	<u>305,704</u>
Total capital assets being depreciated, net	<u>\$ 103,499</u>	<u>\$ (13,992)</u>	<u>\$ --</u>	<u>\$ 89,507</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 13,992</u>

7. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	<u>6/30/2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2022</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 26,265,000	\$ --	\$ 800,000	\$ 25,465,000	\$ 850,000
Plus: Unamortized Premiums	<u>1,535,435</u>	<u>--</u>	<u>76,772</u>	<u>1,458,663</u>	<u>76,772</u>
	27,800,435	--	876,772	26,923,663	926,772
Other Liabilities:					
Compensated Absences	112,791	116,681	81,191	148,281	148,281
Direct Borrowing Notes	101,763	--	82,723	19,040	9,520
Intangible lease liability	<u>--</u>	<u>163,789</u>	<u>--</u>	<u>163,789</u>	<u>54,596</u>
Total Long-Term Liabilities	<u>\$ 28,014,989</u>	<u>\$ 280,470</u>	<u>\$ 1,040,686</u>	<u>\$ 27,254,773</u>	<u>\$ 1,139,169</u>

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

7. Long-Term Liabilities: (Continued)

Debt payable at June 30, 2022, 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.	\$ 25,465,000
Dakota Valley School District No 61-8 Direct Borrowing Note	During 2020, the School District entered into an agreement to lease copiers in the amount of \$47,601. There is an interest rate of 0% assessed on these bonds. Final payment is 2024. The Capital Outlay Fund makes payment on this debt.	\$ 19,040
Dakota Valley School District No 61-8 Intangible Lease	During March 2022, the School District entered into an agreement to receive computers in the amount of \$163,789. There is an interest rate of 0% assessed on these computers. Final payment is 2025. The Capital Outlay Fund makes payment on this debt.	\$ 163,789
Compensated Absences – Payable from the fund to which payroll expenditures are charged		\$ 148,281

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

7. Long-Term Liabilities: (Continued)

The annual requirements to amortize the General Obligation Bonds (including premiums), Direct Borrowings, and Leases outstanding at June 30, 2022, are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowing	
	Principal	Interest	Principal	Interest
2023	\$ 926,772	\$ 865,450	\$ 9,520	\$ --
2024	1,001,772	829,950	9,520	--
2025	1,061,772	774,213	--	--
2026	1,116,772	756,175	--	--
2027	1,176,772	713,375	--	--
2028-2032	6,863,860	2,850,301	--	--
2033-2037	8,628,860	1,552,763	--	--
2038-2042	6,147,083	267,450	--	--
Totals	<u>\$ 26,923,663</u>	<u>\$ 8,609,677</u>	<u>\$ 19,040</u>	<u>\$ --</u>

Year Ending June 30,	Intangible Leases		Totals	
	Principal	Interest	Principal	Interest
2023	\$ 54,596	\$ --	\$ 990,888	\$ 865,450
2024	54,596	--	1,065,888	829,950
2025	54,597	--	1,116,369	774,213
2026	--	--	1,116,772	756,175
2027	--	--	1,176,772	713,375
2028-2032	--	--	6,863,860	2,850,301
2033-2037	--	--	8,628,860	1,552,763
2038-2042	--	--	6,147,083	267,450
Totals	<u>\$ 163,789</u>	<u>\$ --</u>	<u>\$ 27,106,492</u>	<u>\$ 8,609,677</u>

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

8. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2022 was as follows:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 2,814,365
Special Education	Law	745,902
Science Center	Donor	381,680
Debt Service	Debt Covenant	1,892,323
SDRS Pension Purposes	Law	1,094,078
Total		<u>\$ 6,928,348</u>

9. Pension Plan:

a. Plan Information:

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

b. Benefits Provided:

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

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

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.

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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

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, 2022, 2021 and 2020, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 459,152
2021	444,172
2020	429,907

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

At June 30, 2021, SDRS is 105.52% 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, 2021 and reported by the School District as of June 30, 2022 are as follows:

Proportionate share of pension liability	\$ 45,234,180
Less proportionate share of net pension restricted for pension benefits	<u>47,732,428</u>
Proportionate share of net pension (asset)	<u>\$ (2,498,248)</u>

At June 30, 2022, the School reported an (asset) of (\$2,498,248) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2021 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, 2021, the School District's proportion was .32621500%, which is a decrease of .0005510% from its proportion measured as of June 30, 2020.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

9. Pension Plan: (Continued)

For the year ended June 30, 2022, the School District recognized a reduction of pension expense of (\$663,161). At June 30, 2022, 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	\$ 89,694	\$ 6,550
Changes in assumption	2,872,959	1,251,087
Net difference between projected and actual earnings on pension plan investments	--	3,568,798
Changes in proportion and difference between district contributions and proportionate share of contributions	2,021	1,561
District contributions subsequent to the measurement date	<u>459,152</u>	<u>--</u>
Total	<u><u>\$ 3,423,826</u></u>	<u><u>\$ 4,827,996</u></u>

\$459,152 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, 2023. 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,	
2023	\$ (459,449)
2024	(312,634)
2025	(87,261)
2026	<u>(1,003,978)</u>
Total	<u><u>\$ (1,863,322)</u></u>

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

9. Pension Plan: (Continued)

e. Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.25% and real returns of 4.25%
Future COLAs	2.25%

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	58.0%	4.3%
Fixed income	30.0%	1.6%
Real estate	10.0%	4.6%
Cash	2.0%	0.9%
Total	<u>100.0%</u>	

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

9. Pension Plan: (Continued)

f. Discount Rate:

The discount rate used to measure the total pension (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability(asset).

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 4,045,286</u>	<u>\$ (2,498,248)</u>	<u>\$ (7,810,076)</u>

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 Science Center Fund to the General Fund for STEM expenses.	\$ 50,000
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

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

11. Individual Fund Interfund Balances and Transactions:

Interfund balance from High School Capital Projects Fund to General Fund from cash balance shortages created from the new high school building project. These will be liquidated during the next fiscal year.

\$ 124,209

12. 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, 2022, 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.

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, 2022, no claims for unemployment were paid.

13. Implementation of New Standards:

As of June 30, 2022, the School District implemented GASB Statement No. 87, Leases, which requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. There was no effect on the beginning net position as a result of implementation of the standard.

Dakota Valley School District No. 61-8

Notes to the Financial Statements

June 30, 2022

14. 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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 4,875,736	\$ 4,875,736	\$ 4,956,519	\$ 80,783
Prior years' ad valorem taxes	--	--	218,195	218,195
Utility taxes	20,380	20,380	45,547	25,167
Penalties and interest on taxes	12,500	12,500	--	(12,500)
Earnings on Investments and Deposits	5,000	5,000	5,832	832
Cocurricular Activities:				
Admissions	50,000	50,000	62,076	12,076
Other student activity income	--	--	20,005	20,005
Other Revenue from Local Sources:				
Contributions and donations	5,000	5,000	25,475	20,475
Refund of Prior Years' Expenditures	--	--	12,453	12,453
Other	100,000	100,000	82,035	(17,965)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	142,680	142,680	183,229	40,549
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	4,049,176	4,049,176	4,231,787	182,611
Restricted grants-in-aid	124,410	124,410	16,029	(108,381)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	669,587	669,587	658,923	(10,664)
Total Revenues	\$ 10,054,469	\$ 10,054,469	\$ 10,518,105	\$ 463,636

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

Dakota Valley School District No. 61-8

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2022 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,987,878	\$ 1,987,878	\$ 2,096,770	\$ (108,892)
Middle/junior high	2,019,483	2,019,483	2,034,603	(15,120)
High school	2,061,895	2,061,895	1,983,115	78,780
Special Programs:				
Educationally deprived	220,492	220,492	53,936	166,556
Other special programs	51,428	51,428	29,201	22,227
Support Services:				
Students:				
Guidance	383,801	383,801	345,979	37,822
Health	109,998	109,998	90,817	19,181
Instructional Staff:				
Improvement of instruction	23,399	23,399	33,759	(10,360)
Educational media	468,769	468,769	491,261	(22,492)
General Administration:				
Board of education	237,040	237,040	245,212	(8,172)
Executive administration	183,384	183,384	176,892	6,492
School Administration:				
Office of the principal	604,335	604,335	606,148	(1,813)
Other	2,500	2,500	105	2,395
Business:				
Fiscal services	216,259	216,259	203,799	12,460
Operation and maintenance of plant	1,221,775	1,221,775	1,170,091	51,684
Student transportation	487,000	487,000	490,259	(3,259)
Internal services	88,818	88,818	89,647	(829)
Central:				
Staff	8,000	8,000	6,484	1,516
Cocurricular Activities:				
Male activities	119,537	119,537	114,347	5,190
Female activities	89,665	89,665	97,586	(7,921)
Transportation	80,000	80,000	105,169	(25,169)
Combined activities	291,682	291,682	293,868	(2,186)
Total Expenditures	<u>10,957,138</u>	<u>10,957,138</u>	<u>10,759,048</u>	<u>198,090</u>
Excess of Revenues Over (Under) Expenditures	<u>(902,669)</u>	<u>(902,669)</u>	<u>(240,943)</u>	<u>661,726</u>
Other Financing Sources:				
Operating transfers in	<u>600,000</u>	<u>600,000</u>	<u>550,000</u>	<u>(50,000)</u>
Net Change in Fund Balances	(302,669)	(302,669)	309,057	611,726
Fund Balance, Beginning of Year	<u>3,030,465</u>	<u>3,030,465</u>	<u>3,030,465</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 2,727,796</u>	<u>\$ 2,727,796</u>	<u>\$ 3,339,522</u>	<u>\$ 611,726</u>

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

Dakota Valley School District No. 61-8

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 2,752,263	\$ 2,752,263	\$ 2,805,921	\$ 53,658
Prior years' ad valorem taxes	--	--	8,772	8,772
Total Revenues	<u>2,752,263</u>	<u>2,752,263</u>	<u>2,814,693</u>	<u>62,430</u>
Expenditures				
Instructional Services:				
Regular programs:				
Elementary	42,312	42,312	28,310	14,002
Middle/junior high	58,980	58,980	49,588	9,392
High school	102,812	102,812	135,823	(33,011)
Support Services:				
Instructional Staff:				
Improvement of instruction	196	196	--	196
Educational media	494,092	494,092	374,266	119,826
Business:				
Fiscal Services	20,000	20,000	182,059	(162,059)
Operation and maintenance of plant	777,664	777,664	338,660	439,004
Student transportation	127,000	127,000	86,727	40,273
Debt Services	187,678	187,678	171,183	16,495
Cocurricular Activities:				
Combined Activities	40,000	40,000	43,548	(3,548)
Total Expenditures	<u>1,850,734</u>	<u>1,850,734</u>	<u>1,410,164</u>	<u>440,570</u>
Excess of Revenue Over (Under)				
Expenditures	<u>901,529</u>	<u>901,529</u>	<u>1,404,529</u>	<u>503,000</u>
Other Financing Sources (Uses):				
Transfers out	(600,000)	(600,000)	(500,000)	100,000
Proceeds of general long-term liabilities	--	--	163,789	163,789
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>(336,211)</u>	<u>263,789</u>
Net Change in Fund Balances	301,529	301,529	1,068,318	766,789
Fund Balance, Beginning of Year	<u>1,732,481</u>	<u>1,732,481</u>	<u>1,732,481</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 2,034,010</u>	<u>\$ 2,034,010</u>	<u>\$ 2,800,799</u>	<u>\$ 766,789</u>

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

Dakota Valley School District No. 61-8
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,541,021	\$ 1,541,021	\$ 1,560,818	\$ 19,797
Prior years' ad valorem taxes	--	--	4,883	4,883
Other Revenue from Local Sources:				
Charges for services	10,000	10,000	12,651	2,651
Other	--	--	613	613
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	<u>281,269</u>	<u>281,269</u>	<u>401,931</u>	<u>120,662</u>
Total Revenues	<u>1,832,290</u>	<u>1,832,290</u>	<u>1,980,896</u>	<u>148,606</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for Special Education	1,450,467	1,450,467	1,349,195	101,272
Support Services:				
Students:				
Psychological	79,594	79,594	75,524	4,070
Speech pathology	139,004	139,004	137,069	1,935
Student therapy services	76,000	76,000	80,144	(4,144)
Special Education:				
Administrative costs	<u>149,114</u>	<u>149,114</u>	<u>140,305</u>	<u>8,809</u>
Total Expenditures	<u>1,894,179</u>	<u>1,894,179</u>	<u>1,782,237</u>	<u>111,942</u>
Net Change in Fund Balance	(61,889)	(61,889)	198,659	260,548
Fund Balance, Beginning of Year	<u>539,700</u>	<u>539,700</u>	<u>539,700</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 477,811</u>	<u>\$ 477,811</u>	<u>\$ 738,359</u>	<u>\$ 260,548</u>

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

Dakota Valley School District No. 61-8

Notes to the Required Supplementary Information – Budgetary Comparison Schedules

June 30, 2022

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

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

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

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 459,152	\$ 444,172	\$ 429,907	\$ 415,964	\$ 408,975	\$ 396,172	\$ 363,474	\$ 345,695	\$ 335,560
Contributions in relation to the contractually-required contribution	<u>459,152</u>	<u>444,172</u>	<u>429,907</u>	<u>415,964</u>	<u>408,975</u>	<u>396,172</u>	<u>363,474</u>	<u>345,695</u>	<u>335,560</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 7,653,389	\$ 7,402,922	\$ 7,171,105	\$ 6,938,765	\$ 6,816,317	\$ 6,597,328	\$ 6,057,885	\$ 5,761,556	\$ 5,592,667
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

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

Dakota Valley School District No. 61-8

Notes to Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2022

Changes from Prior Valuation

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change are reflected and described below.

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

Benefit Provision Changes

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

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% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the Actuarial Accrued Liability by \$1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

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

Actuarial Method Changes

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

Supplementary Information

Dakota Valley School District No. 61-8
Schedule of Expenditures of Federal Awards
June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Pass through the S.D Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program (Note 4)	10.555	NA	\$ 11,906
Cash Assistance:			
School Breakfast Program (Note 3 and 4)	10.553	NA	137,889
National School Lunch Program (Note 3 and 4)	10.555	NA	<u>706,070</u>
Total Child Nutrition Cluster			<u>855,865</u>
Total U.S. Department of Agriculture			<u>855,865</u>
National Foundation on the Arts and Humanities			
Pass Through SD Department of Tourism			
Grants to States	45.310	NA	<u>30,000</u>
Total National Foundation on the Arts and Humanities			<u>30,000</u>
U.S. Department of Education:			
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies	84.010	NA	42,804
Career and Technical Education	84.048	NA	20,790
Special Education-Grants for Infants and Families	84.181	NA	67
Supporting Effective Instruction State Grant	84.367	NA	36,018
Elementary and Secondary School Emergency Relief Fund (Note 4)	84.425D	NA	205,336
American Rescue Plan Elementary and Secondary School Emergency Relief (Note 4)	84.425U	ESF-41002-22	<u>322,578</u>
Total ESSER Funds			<u>527,914</u>
Special Education Cluster:			
Special Education Grants to States	84.027	611-41002-22	227,403
Special Education - Preschool Grants	84.173	619-41002-22	<u>174,461</u>
Total Special Education Cluster			<u>401,864</u>
Total U.S. Department of Education			<u>1,029,457</u>
Grand Total			<u>\$ 1,915,322</u>

Dakota Valley School District No. 61-8
Schedule of Expenditures of Federal Awards
June 30, 2022 (Continued)

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. 61-8 under programs of the federal government for the year ended June 30, 2022. 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.