DAKTRONICS INC /SD/
Form 11-K
October 30, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

xANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 30, 2007

OR

oTRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______to _________

Commission file number 0-23246

Daktronics, Inc.

(Name of issuer of the securities held pursuant to the plan)

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Daktronics, Inc. 401(k) Plan

B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:

Daktronics, Inc.

331 32nd Avenue

Brookings, SD 57006

DAKTRONICS, INC. 401(k) PLAN

FORM 11-K

For the Plan Year Ended April 30, 2007

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Committee

Daktronics, Inc. 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of Daktronics, Inc. 401(k) Plan as of April 30, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at April 30, 2007 and 2006, and changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of April 30, 2007 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan’s management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

As discussed in Note 1, effective April 30, 2007, the Plan adopted the provisions of Statement of Position 94-4-1 (SOP 94-4-1), “Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans.”

/s/ Ernst & Young LLP

Minneapolis, Minnesota

October 29, 2007

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DAKTRONICS, INC. 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF

APRIL 30, 2007 AND APRIL 30, 2006

	April 30, 2007	April 30, 2006
ASSETS		
Investments at fair value		
Daktronics, Inc. common stock	$ 38,341,200	$ 36,926,414
Mutual funds	27,013,254	20,676,344
Money market mutual fund	1,977,024	1,486,430
Common/collective trust	5,434,126	1,397,856
Participant notes receivable	947,793	946,614
	73,713,397	61,433,658
Receivables		
Employer matching contributions	260,899	209,424
Employer profit sharing contributions	607,309	540,416

Employee contributions		-		91,468
Accrued interest		29,525		15,059
		897,733		856,367
Cash		863		-
Total assets		74,611,993		62,290,025
LIABILITIES				
Cash deficit		-		83,858
Accrued administrative expenses		48,102		26,697
Excess contributions payable		55,642		57,359
Total liabilities		103,744		167,914
Net assets available for benefits, at fair value		74,508,249		62,122,111
Adjustment from fair value to contract value for fully benefit-responsive investment contracts		78,269		20,134
Net assets available for benefits	$	74,586,518	$	62,142,245

See accompanying notes to financial statements.

DAKTRONICS, INC. 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE

YEARS ENDED APRIL 30, 2007 AND APRIL 30, 2006

	April 30, 2007	April 30, 2006
Additions to net assets attributed to:		
Investment income		
Net appreciation in fair value of investments	$ 11,355,968	$ 21,710,316
Interest and dividends	658,264	494,242
	12,014,232	22,204,558
Contributions:		
Employer	1,491,741	1,284,524
Participants and plan transfers	2,963,675	2,203,338
	4,455,416	3,487,862
Total additions	16,469,648	25,692,420
Deductions from net assets attributed to:		
Benefits paid to participants	3,881,056	2,208,638
Administrative expenses	144,319	149,883
Total deductions	4,025,375	2,358,521
Net increase in net assets	12,444,273	23,333,899
Net assets available for benefits:		
Beginning of year	62,142,245	38,808,346
End of year	$ 74,586,518	$ 62,142,245

See accompanying notes to financial statements.

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DAKTRONICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1. SIGNIFICANT ACCOUNTING POLICIES

Nature of business of Plan Sponsor: Daktronics, Inc. collectively, and its U.S. based subsidiaries (the “Company”), the sponsoring employer companies, are engaged principally in the design, manufacture and sale of a wide range of electronic display systems which are sold in a variety of markets throughout the world and providing related services, including content development, marketing and maintenance services. Our products are designed primarily to inform and entertain people through the communication of content.

Basis of accounting: The accompanying financial statements are prepared on the accrual basis of accounting.

Use of estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position AAG INV-1 and SOP 94-4-1, “Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans” (the “FSP”). Under the FSP, fully benefit-responsive investment contracts held by a defined contribution plan are required to be reported at fair value. However, for the portion of the assets available for benefits of a defined contribution pan attributable to fully benefit-responsive investment contracts, contract value is the relevant measurement attribute, as contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The financial statement presentation and disclosure provisions of the FSP are effective for financial statements issued for annual periods ending after December 15, 2006 and are required to be applied retroactively to all prior periods presented for comparative purposes. The Plan has adopted the provisions of the FSP at April 30, 2007.

The requirements of the FSP have been applied retroactively to the Statement of Net Assets Available for Benefits as of April 30, 2006 presented for comparative purposes. Adoption of the FSP had no effect on the Statement of Changes in Net Assets Available for Benefits for any period presented.

Investment valuation and income recognition: The Daktronics, Inc. 401(k) Plan (the "Plan") investments are stated at fair value as determined by quoted market prices on the last business day of the Plan year, except investment assets in the common/collective trust are stated at contract value. Participant notes receivable are valued at their outstanding balances, which approximated fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Payment of benefits: Benefit payments are recorded when paid.

Note 2. INFORMATION REGARDING THE PLAN

The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General: The Plan is a defined contribution plan providing benefits for substantially all employees of the Company who have attained 21 years of age and have completed one year of service. Notwithstanding the preceding, employees are eligible to make salary deferrals to the Plan upon completion of three months of service and attainment of 21 years of age. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Administration: The Company has appointed an Administrative Committee to manage the day-to-day operation and administration of the Plan and an Investment Committee to select and monitor the investments of the Plan.

Participant's contributions:Participants may elect to have the Company contribute a percentage of their eligible pre-tax compensation not to exceed the maximum amount allowable under the Internal Revenue Code

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(the "Code"). Participants who elect to have the Company contribute a portion of their compensation to the Plan agree to accept an equivalent reduction in taxable co