

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2021

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
TABLE OF CONTENTS

	<u>Page</u>
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	1
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	2
Summary Schedule of Prior Audit Findings	3
Schedule of Findings and Questioned Costs	4 - 8
Corrective Action Plan (Unaudited)	9
Independent Auditors' Report	10
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Governmental Funds	
Balance Sheet	13
Reconciliation of Governmental Funds	
Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance	15 - 18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities	19
Proprietary Funds	
Statement of Net Position	20
Statement of Revenues, Expenses and Changes in Fund Net Position	21
Statement of Cash Flows	22
Fiduciary Funds	
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to the Financial Statements	25 - 45

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information - Budgetary Comparison Schedules	
Budgetary Comparison Schedule - General Fund - Budgetary Basis	46 - 48
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis	49
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis	50 - 51
Notes to the Required Supplementary Information - Budgetary Comparison Schedules	52 - 53
Required Supplementary Information - Pension Schedules	
Schedule of the District's Proportionate Share of the Pension Asset	54
Schedule of the District's Contributions	55
Notes to Required Supplementary Information - Pension Schedule	56
Schedule of Changes in Total OPEB Liability	57
Supplementary Information	
Schedule of Expenditures of Federal Awards	58 - 59



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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
Mobridge-Pollock School District 62-6
Mobridge, 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, business-type activities, each major fund, and the aggregate remaining fund information of Mobridge-Pollock School District No. 62-6, Mobridge, South Dakota (School District), as of June 30, 2021, and for the year then ended which collectively comprise the School District's basic financial statements and have issued our report thereon May 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting (internal control) to determine the 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 Mobridge-Pollock 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 combination of control 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below and in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs, items 2021-001 through 2021-005 to be material weaknesses.

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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 determination of financial statement amounts. 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

The School District's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. We did not audit the Mobridge-Pollock School District's responses and, accordingly, we express no opinion on them.

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.

Caill Bane

Mobridge, South Dakota

May 4, 2022



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

School Board
Mobridge-Pollock School District 62-6
Mobridge, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the Mobridge-Pollock School District No. 62-6, 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, 2021. The School District's major federal programs are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Mobridge-Pollock School District No. 62-6 complied, in all material respects, with the 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, 2021.

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Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the School District's internal control over compliance with these types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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.

Caillie Bauer

Mobridge, South Dakota

May 4, 2022

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
AS OF JUNE 30, 2021 AND FOR THE YEAR THEN ENDED**

FINDINGS - FINANCIAL STATEMENT AUDIT

Finding Number 2020-001:

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, trust and agency, capital assets, budget, indebtedness, and equity.

Current Status

Ongoing: Condition still exists, see current audit finding number 2021-002. The reason for recurrence is due to cost considerations, the School District has determined it is not practical to employ additional staff to adequately segregate duties. The School District will implement compensating controls where practical.

Finding Number 2020-002:

The School District does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures in accordance with generally accepted accounting principles.

Current Status

Ongoing: Condition still exists, see current audit finding number 2021-003. The reason for recurrence is due to cost considerations, the School District accepts the risks associated with the auditors preparing the financial statements. The School District will implement compensating controls where practical.

Finding Number 2020-003:

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

Current Status

Ongoing: Condition still exists, see current audit finding number 2021-004. The reason for recurrence is due to cost considerations, the School District has determined it is not practical to employ additional staff to implement an internal control structure adequate to identify all material adjustments. The School District will implement compensating controls where practical.

Finding Number 2020-004:

The School District does not have an internal control system designed to ensure transfers from the General Fund to the Capital Outlay Fund are prohibited.

Current Status

This finding has been corrected.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

A - SUMMARY OF AUDIT RESULTS

Financial Statements

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2021-001 through 2021-005.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit disclosed audit findings that are required to be reported in accordance with 2 CFR 200.516(a). See finding number 2021-001.
- f. The federal awards tested as major programs were:
 - a. Coronavirus Relief Fund 21.019
 - b. National School Lunch Program
 - i. School Breakfast 10.553
 - ii. School Lunch 10.555
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Mobridge-Pollock School District No 62-6 did not qualify as a low-risk auditee.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

CURRENT FEDERAL AUDIT FINDINGS:

INTERNAL CONTROL-RELATED FINDINGS - MATERIAL WEAKNESSES

FINDING 2021-001

Major Federal Program

The major federal program affected is the US Department of Agriculture National School Lunch Program (CFDA 10.553 and 10.555) for the 2021 federal award year.

Criteria

CFR Title 2 states that a non-federal entity must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal awards in compliance with federal statutes, regulations, and terms and conditions of the federal award.

Condition Found

A material weakness was reported for a lack of internal controls over the School District's federal awards for the following compliance requirements: procurement, suspension, and debarment. This is undesirable from an internal control viewpoint and could result in a loss of control over compliance.

Cause

Internal controls are not adequately designed to prevent or detect noncompliance with the compliance requirements identified.

Effect

Inadequate internal controls could adversely affect the School District's ability to detect noncompliance that would be material in relation to federal programs in a timely manner by employees in the normal course of performing their assigned duties.

Questioned Cost

None reported.

Recommendation

We recommend the School Board take a more active role in the oversight of the School District's compliance with federal statutes, regulations, and the terms and conditions of federal awards.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

CURRENT OTHER FINDINGS - FINANCIAL STATEMENT AUDIT:

INTERNAL CONTROL-RELATED FINDINGS - MATERIAL WEAKNESSES

FINDING 2021-002

Criteria

To obtain adequate internal control over cash management, the duties of collecting and handling of cash must be segregated from the recording of the cash transaction. The duties of preparing, mailing or otherwise distributing checks should be segregated from the recording process.

Condition Found

A lack of proper segregation of duties existed for the revenue and expenditure functions resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. As a result, an inadequate segregation of duties existed for these functions of the School District.

Cause and Effect

Inaccurate financial statement and/or misappropriations of funds could result from a lack of segregation of duties.

Identification of Repeat Finding

This finding has been a repeat finding for several years.

Recommendation

We recommend that the School District's officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever possible and practical.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

FINDING 2021-003

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Condition Found

The School District does not have an internal control system designed to provide for the preparation of the annual financial statements including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause and Effect

This condition may affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Identification of Repeat Finding

This finding has been a repeat finding for several years.

Recommendation

This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

FINDING 2021-004

Criteria

While conducting our audit, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

Condition Found

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Cause and Effect

This condition may affect the School District's ability to record, process, summarize, and report financial statement data consistent with the assertions of management in the financial statements.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Identification of Repeat Finding

This finding has been a repeat finding for several years.

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 this condition because of cost and other considerations.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

FINDING 2021-005

Criteria

An organization's internal control structure should ensure that the audit report is made available on their website.

Condition Found

The School District's internal control system did not ensure that the audit report was made available on their website pursuant to SDCL 4-11-12.

Cause and Effect

The public is not given the opportunity to review the audit report as required.

Recommendation

It is the responsibility of management and those charged with governance to make sure the audit report is made available each year.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

Mobridge-Pollock School District No. 62-6

1107 1st Ave East -- Mobridge, SD 57601
Phone # 605-845-9200 Fax # 605-845-3453



Finding Number 2021-001: Material weakness due to a lack of internal control structure to comply with the following federal award compliance requirements: procurement, suspension, and debarment.

Views of Responsible officials and Planned Correct Action Plan:

The Mobridge-Pollock School District Business Manager, Kim Schneider, is the contact person at this entity responsible for the corrective action plan for this finding. This finding is due to the limited number of staff employed in the district's business office. The Board is aware of the issue and will provide continual analysis of the processes and procedures surrounding the compliance requirements of procurement, suspension, and debarment.

Finding Number 2021-002: Material weakness in internal controls due to a lack of segregation of duties.

Views of Responsible officials and Planned Correct Action Plan:

The Mobridge-Pollock School District Business Manager, Kim Schneider, is the contact person at this entity responsible for the corrective action plan for this finding. This finding is due to the limited number of staff employed in the district's business office. Staffing the office at an efficient and financially feasible level precludes the hiring of enough personnel to provide an ideal environment for internal controls. This is an ongoing process, requiring continual analysis of processes and procedures in order to minimize the risk to the district.

Finding Number 2021-003: Material weakness due to a lack of internal control structure to enable for the preparation of the financial statements and related notes.

Views of Responsible officials and Planned Correct Action Plan:

The Mobridge-Pollock School District Business Manager, Kim Schneider, is the contact person at this entity responsible for the corrective action plan for this finding. The district is aware of our overall responsibility for the preparation of the School's financial statements and footnotes and plans to attempt to set aside time to complete these statements and required footnotes. This is an ongoing process, requiring continual analysis of processes and procedures in order to minimize the risk to the district.

Finding Number 2021-004: Material weakness due to a lack of internal control structure to provide recording of all necessary material adjustments in order to ensure that accounting records are in accordance with GAAP.

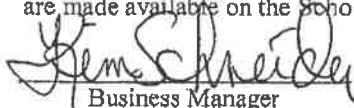
Views of Responsible officials and Planned Correct Action Plan:

The Mobridge-Pollock School District Business Manager, Kim Schneider, is the contact person at this entity responsible for the corrective action plan for this finding. The district is aware of our overall responsibility for the preparation of all material adjustments of the School's financial statements to ensure their accuracy. This is an ongoing process, requiring continual analysis of processes and procedures in order to minimize the risk to the district.

Finding Number 2021-005: Material weakness due to the lack of internal control structure to ensure that the audit report is made available on their website, which is a violation of SDCL 4-11-12.

Views of Responsible officials and Planned Correct Action Plan:

The Mobridge-Pollock School District Business Manager, Kim Schneider, is the contact person at this entity responsible for the corrective action plan for this finding. The School District will ensure that future audit reports are made available on the School website.


Business Manager


Superintendent



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

School Board

Mobridge-Pollock School District 62-6

Mobridge, South Dakota

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 Mobridge-Pollock School District No. 62-6 (School District), South Dakota, as of June 30, 2021 and for the year then ended, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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Opinions

In our opinion, the 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 Mobridge-Pollock School District No. 62-6, South Dakota as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Pension Schedules, and Schedule of Changes in Total OPEB Liability on pages 46 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Emphasis of Matter

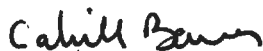
As discussed in Notes 2 and 19 to the financial statements, in 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84 Fiduciary Activities, which has resulted in a restatement of the net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

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 the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the Combining Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance listed in the Table of Contents are 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2022 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.



Mobridge, South Dakota
May 4, 2022

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,683,313	\$ 112,807	\$ 4,796,120
Taxes receivable	1,266,630	-	1,266,630
Other assets	607,687	24,249	631,936
Inventories	-	25,434	25,434
Restricted cash and cash equivalents	376,080	-	376,080
Net pension asset	7,171	259	7,430
Capital assets			
Land	117,377	-	117,377
Other capital assets, net of depreciation	16,606,101	26,431	16,632,532
TOTAL ASSETS	\$ 23,664,359	\$ 189,180	\$ 23,853,539
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,195,092	45,244	1,240,336
Other deferred outflows	153,912	-	153,912
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,349,004	\$ 45,244	\$ 1,394,248

The accompanying notes to the basic financial statements are an integral part of this statement.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 108,193	\$ 3,039	\$ 111,232
Other current liabilities	482,038	9,087	491,125
Unearned revenue	-	21,038	21,038
Noncurrent liabilities:			
Due within one year	35,255	-	35,255
Due in more than one year	1,276,717	-	1,276,717
TOTAL LIABILITIES	\$ 1,902,203	\$ 33,164	\$ 1,935,367
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	947,410	34,278	981,688
Other deferred inflows	265,984	-	265,984
Taxes levied for future period	1,167,734	-	1,167,734
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 2,381,128	\$ 34,278	\$ 2,415,406
NET POSITION			
Net investment in capital assets	15,857,478	26,431	15,883,909
Restricted for			
Capital outlay purposes	1,654,300	-	1,654,300
Special education purposes	396,835	-	396,835
Debt service purposes	331,591	-	331,591
SDRS pension purposes	254,853	11,225	266,078
Unrestricted	2,234,975	129,326	2,364,301
TOTAL NET POSITION	\$ 20,730,032	\$ 166,982	\$ 20,897,014

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities						
Instruction	\$ 4,072,538	\$ -	\$ 677,633	\$ (3,394,905)	\$ -	\$ (3,394,905)
Support services	2,495,918	27,317	180,140	(2,288,461)	-	(2,288,461)
Nonprogrammed charges	-	11,572	-	11,572	-	11,572
* Interest on long-term debt	43,300	-	-	(43,300)	-	(43,300)
Cocurricular activities	410,973	20,634	-	(390,339)	-	(390,339)
Total governmental activities	7,022,729	59,523	857,773	(6,105,433)	-	(6,105,433)
Business-type activities						
Food service	455,917	37,389	375,531	-	(42,997)	(42,997)
Total primary government	\$ 7,478,646	\$ 96,912	\$ 1,233,304	(6,105,433)	(42,997)	(6,148,430)
General Revenues						
Taxes						
Property taxes				2,929,917	-	2,929,917
Gross receipts taxes				121,824	-	121,824
Revenue from state sources						
State aid				2,615,147	-	2,615,147
Revenue from federal sources				507,123	-	507,123
Unrestricted investment earnings				2,562	-	2,562
Other general revenues				177,753	-	177,753
Total general revenues				6,354,326	-	6,354,326
Change in net position				248,893	(42,997)	205,896
Net position - beginning				20,385,663	209,979	20,595,642
Restatement - Implementation of GASB 84 (Note 19)				95,476	-	95,476
Net position - ending				\$ 20,730,032	\$ 166,982	\$ 20,897,014

*

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

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	Major Funds				Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	
ASSETS					
Cash and cash equivalents	\$ 2,798,940	\$ 1,628,645	\$ 255,728	\$ -	\$ 4,683,313
Prepaid expenses	-	15,147	-	-	15,147
Taxes receivables - current	577,638	376,633	249,102	-	1,203,373
Taxes receivables - delinquent	33,984	18,138	11,135	-	63,257
Due from other funds	34,825	-	-	-	34,825
Due from state government	121,824	-	-	-	121,824
Due from federal governments	194,300	-	190,403	-	384,703
Deposits	51,188	-	-	-	51,188
Restricted cash and cash equivalents	-	-	-	376,080	376,080
TOTAL ASSETS	\$ 3,812,699	\$ 2,038,563	\$ 706,368	\$ 376,080	\$ 6,933,710
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 104,797	\$ 3,119	\$ 277	\$ -	\$ 108,193
Contracts payable	357,675	-	59,133	-	416,808
Payroll deductions and withholdings and employer matching payable	57,249	-	7,981	-	65,230
Total Liabilities	519,721	3,119	67,391	-	590,231
Deferred Inflows of Resources					
Unavailable Revenue - Property Tax	31,263	17,140	10,548	-	58,951
Taxes levied for future period	558,010	366,995	242,729	-	1,167,734
Total Deferred Inflows of Resources	589,273	384,135	253,277	-	1,226,685
Fund balances					
Nonspendable	-	15,147	-	-	15,147
Prepaids	51,188	-	-	-	51,188
Deposits	-	-	-	-	-
Restricted	-	-	-	-	-
Capital outlay purposes	-	1,636,162	-	-	1,636,162
Special education purposes	-	-	385,700	-	385,700
Debt service purposes	-	-	-	376,080	376,080
Assigned	-	-	-	-	-
Unemployment	1,427	-	-	-	1,427
Unassigned	2,651,090	-	-	-	2,651,090
Total fund balance	2,703,705	1,651,309	385,700	376,080	5,116,794
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,812,699	\$ 2,038,563	\$ 706,368	\$ 376,080	\$ 6,933,710

The accompanying notes to the basic financial statements are an integral part of this statement.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Total fund balances - governmental funds	\$	5,116,794
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 funds.		16,723,478
Net pension asset reported in governmental activities is not an available financial resource and therefor is not reported in the funds.		7,171
Pension and other related outflows are components of pension liability (asset) and OPEB liability and therefore are not reported in the funds.		
Pension	\$1,195,092	
OPEB	\$153,912	1,349,004
Pension and other related deferred inflows are components of pension liability (asset) and OPEB liability and therefore are not reported in the funds.		
Pension	(\$947,410)	
OPEB	(\$265,984)	(1,213,394)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Early retirement benefits	\$131,620	
Qualified Zone Academy Bonds payable	\$866,000	
Other post-employment benefits	\$314,352	(1,311,972)
Property taxes become due and payable on January 1, each year, but are not collected/available soon enough to pay current period expenditures; therefore, they are reported as deferred inflow of resources in the fund financial statements. However, because the <i>delinquent taxes</i> are due and payable by the taxpayer at June 30, the delinquent taxes are reported as revenue on the government-wide financial statements.		58,951
Net position- governmental funds	\$	20,730,032

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			Nonmajor Funds		
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds	
REVENUES						
Revenue from local sources						
Taxes						
Ad valorem taxes	\$ 1,388,207	\$ 900,658	\$ 588,029	\$ -	\$ 2,876,894	
Prior years' ad valorem taxes	18,260	8,434	5,082	-	31,776	
Utility taxes	121,824	-	-	-	121,824	
Penalties and interest on taxes	5,590	2,916	1,774	-	10,280	
Earnings on investments and deposits	1,373	-	-	1,189	2,562	
Cocurricular activities						
Admissions	20,134	-	-	-	20,134	
Other pupil activity income	500	-	-	-	500	
Other revenue from local sources						
Contributions and donations	10,367	5,610	-	-	15,977	
Services provided other school districts	-	-	27,317	-	27,317	
Charges for services	10,045	-	1,527	-	11,572	
Other	80,675	-	17,749	-	98,424	
Revenue from intermediate sources						
County sources						
County appointment	29,220	-	-	-	29,220	
Revenue from state sources						
Grants-in-aid						
Unrestricted grants-in-aid	2,615,147	-	-	-	2,615,147	
Restricted grants-in-aid	90	-	236,632	-	236,722	

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund		
Revenue from federal sources						
Grants-in-aid						
Unrestricted grants-in-aid						
Received directly from						
the federal government	\$ 182,284	-	\$ 6,268	-	\$	188,552
Unrestricted grants-in-aid						
Received from federal government						
through the state	235,534	75,000	-	-		310,534
Restricted grants-in-aid						
Received directly from						
the federal government	50,128	-	-	-		50,128
Restricted grants-in-aid						
Received from federal government through						
the state	382,930	-	187,993	-		570,923
Johnson O'Malley funds	8,037	-	-	-		8,037
Other federal revenues	34,072	-	-	-		34,072
Total Revenues	5,194,417	992,618	1,072,371	1,189		7,260,595
EXPENDITURES						
Instruction						
Regular programs						
Elementary	904,472	153,943	-	-		1,058,415
Middle/junior high	641,769	36,631	-	-		678,400
High school	873,982	57,683	-	-		931,665
Other regular programs	64,540	-	-	-		64,540
Special programs						
Programs for special education	-	-	603,307	-		603,307
Educationally deprived	346,974	-	-	-		346,974

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund		
Support services						
Pupils						
Guidance	\$ 109,510	\$ -	\$ -	\$ -	\$ -	109,510
Health	4,041	-	-	-	-	4,041
Psychological	-	-	77,107	-	-	77,107
Speech pathology	-	-	113,340	-	-	113,340
Student therapy services	-	-	31,055	-	-	31,055
Support services - instructional staff						
Improvement of instruction	1,287	-	-	-	-	1,287
Educational media	185,197	26,793	-	-	-	211,990
Support services - general administration						
Board of education	56,504	400	-	-	-	56,904
Executive administration	157,658	-	-	-	-	157,658
Support services - school administration:						
Office of the principal	410,752	-	-	-	-	410,752
Other	736	-	-	-	-	736
Support services - business						
Fiscal services	152,642	-	-	-	-	152,642
Operation and maintenance of plant	788,497	13,757	-	-	-	802,254
Pupil transportation	25,921	-	-	-	-	25,921
Food services	31,633	806	-	-	-	32,439
Support services - central						
Planning	652	-	-	-	-	652
Support services - special education						
Administrative costs	-	-	82,106	-	-	82,106
Transportation	-	-	80	-	-	80
Other	-	-	100	-	-	100
Nonprogrammed charges						
Early retirement payments	41,374	-	-	-	-	41,374

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			Nonmajor Funds		
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds	
Cocurricular activities						
Male activities	\$ 72,694	\$ 5,267	\$ -	\$ -	\$ -	\$ 77,961
Female activities	40,392	-	-	-	-	40,392
Transportation	37,989	4,000	-	-	-	41,989
Combined activities	153,982	13,625	-	-	-	167,607
Debt services	-	-	-	43,300	-	43,300
Capital outlay	-	92,389	-	-	-	92,389
Total expenditures	5,103,198	405,294	907,095	43,300		6,458,887
Excess of revenue over (under) expenditures	91,219	587,324	165,276	(42,111)		801,708
Other financing sources (uses)						
Transfer in	-	-	-	86,600		86,600
Transfer out	-	(86,600)	-	-		(86,600)
Sale of surplus property	60	-	-	-		60
Net other financing sources (uses)	60	(86,600)	-	86,600		60
Net change in fund balances	91,279	500,724	165,276	44,489		801,768
Fund balance - beginning	2,516,950	1,150,585	220,424	331,591		4,219,550
Restatement - Implementation of GASB 84 (Note 19)	95,476	-	-	-		95,476
Fund Balance - Ending	\$ 2,703,705	\$ 1,651,309	\$ 385,700	\$ 376,080	\$	\$ 5,116,794

The accompanying notes to the basic financial statements are an integral part of this statement.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	801,768
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.		(254,342)
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".		10,967
Governmental funds recognize expenditures for amounts of early retirement benefits actually paid to employees with current financial resources during the fiscal year. In the statement of activities, expenses for these benefits are recognized when the employees elect to retire early.		
Early retirement		43,189
Some expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds. (e.g., pension expense)		(348,723)
The accrual of OPEB costs are not reflected in the governmental funds, but the statement of activities reflects the change in this liability from one year to the next.		(3,966)
Change in net position of governmental activities	\$	<u>248,893</u>

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Enterprise Funds Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 112,807
Accounts receivable	14,554
Due from other government	9,695
Inventory of supplies	4,111
Inventory of stores purchased for resale	11,829
Inventory of donated food	9,494
Total current assets	<u>162,490</u>
Noncurrent assets	
Pension asset	259
Capital assets	
Machinery and equipment	184,908
Less accumulated depreciation	(158,477)
Total noncurrent assets	<u>26,690</u>
TOTAL ASSETS	<u><u>189,180</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows of resources	<u>45,244</u>
DEFERRED OUTFLOWS OF RESOURCES	<u><u>45,244</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	3,039
Contracts payable	8,078
Payroll deductions and withholdings and employer matching payable	1,009
Unearned revenue	21,038
TOTAL LIABILITIES	<u><u>33,164</u></u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows of resources	<u>34,278</u>
DEFERRED INFLOWS OF RESOURCES	<u><u>34,278</u></u>
NET POSITION	
Invested in capital assets	26,431
Restricted for SDRS purposes	11,225
Unrestricted net position	129,326
TOTAL NET POSITION	<u><u>\$ 166,982</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds Food Service Fund
OPERATING REVENUE	
Sales	
Students	\$ 27,284
Adult	7,539
Ala carte	326
Other charges for goods and services	2,240
Total operating revenue	<u>37,389</u>
OPERATING EXPENSES	
Food Service	
Salaries	172,439
Employee benefits	75,291
Purchased services	4,342
Supplies	14,129
Cost of sales - purchased food	150,535
Cost of sales - donated food	33,645
Miscellaneous	2,224
Depreciation	3,312
Total Operating Expenses	<u>455,917</u>
Operating Loss	<u>(418,528)</u>
NONOPERATING REVENUES (EXPENSES)	
State sources	
Cash reimbursements	1,614
Federal sources	
Cash reimbursements	340,090
Donated food	33,827
Total nonoperating revenues	<u>375,531</u>
CHANGE IN NET POSITION	(42,997)
NET POSITION - BEGINNING	<u>209,979</u>
NET POSITION - ENDING	<u>\$ 166,982</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 53,152
Payments to suppliers	(180,093)
Payments to employees	(233,102)
Net cash used by operating activities	(360,043)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash reimbursements - state sources	1,614
Cash reimbursements - federal sources	352,706
Net cash flows from noncapital financing activities	354,320
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,723)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	118,530
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 112,807
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (418,528)
Adjustments to reconcile operating loss to net cash used by operating activities	
Value of commodities used	33,645
Depreciation expense	3,312
Change in assets and liabilities	
Accounts receivable	9,212
Inventories	2,217
Accounts and other payables	(11,080)
Contracts and benefits payable	(110)
Unearned revenue	6,551
Pension deferred outflows/inflows	14,738
Net cash used by operating activities	\$ (360,043)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Value of commodities received	\$ 33,827

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 4,610	\$ 99,479
Investments	31,850	-
Total assets	36,460	99,479
LIABILITIES		
Amounts held for others	-	34,825
Total liabilities	-	34,825
NET POSITION		
Restricted for student activities	-	64,654
Restricted for scholarships	36,460	-
TOTAL NET POSITION	\$ 36,460	\$ 64,654

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Collections for student activities	\$ -	\$ 82,308
Earnings on investments and deposits	307	-
TOTAL ADDITIONS	307	82,308
DEDUCTIONS:		
Payments for student activities	-	93,857
Trust deductions for scholarships	1,013	-
TOTAL DEDUCTIONS	1,013	93,857
CHANGE IN NET POSITION	(706)	(11,549)
NET POSITION - BEGINNING	37,166	-
Restatement - Implementation of GASB 84 (Note 19)	-	76,203
NET POSITION - ENDING	\$ 36,460	\$ 64,654

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(See Independent Auditors' Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity

The reporting entity of Mobridge-Pollock School District No. 62-6, 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.

b. Basis of Presentation

Government-wide Financial Statements

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

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net Position are displayed in three components, as applicable, net invested 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 and those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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 operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTES TO FINANCIAL STATEMENTS - Page 2
(See Independent Auditors' Report)

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 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 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.

NOTES TO FINANCIAL STATEMENTS - Page 3
(See Independent Auditors' Report)

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 Bond Redemption Fund - A fund established by SDCL 13-16-13 to account for the payment of interest and principal on all bonded indebtedness. The Bond Redemption Fund is the only debt service fund maintained by the School District. This is not a major fund.

Proprietary Funds

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

- a. 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.)
- b. 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.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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.

Fiduciary Funds

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

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

The Scholarship fund is used for the purposes of providing scholarships to students.

NOTES TO FINANCIAL STATEMENTS - Page 4
(See Independent Auditors' Report)

Custodial Funds - Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. The School 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 government funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and similar fiduciary funds.

Basis of Accounting

Government-wide Financial Statements

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type, 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, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2021 are reimbursements for federal program expenditures, state reimbursements, and utility taxes.

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 deferred inflow of resources.

NOTES TO FINANCIAL STATEMENTS - Page 5
(See Independent Auditors' Report)

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

All proprietary funds 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 statement have been eliminated or reclassified, as follows:

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 investments 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 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 estimated fair 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, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

NOTES TO FINANCIAL STATEMENTS - Page 6
(See Independent Auditors' Report)

The total June 30, 2021 balance of capital assets for governmental activities includes approximately 10 percent for which the costs were determined by estimates of the original costs. The total June 30, 2021 balance of capital assets for business-type activities includes approximately 10 percent for which the values were determined by estimates of the original cost. These estimated original costs were established by deflated current replacement cost.

Depreciation of all exhaustible fixed 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 assets acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Improvements	\$ 5,000	Straight-line	15-50 years
Buildings	\$ 5,000	Straight-line	15-50 years
Machinery and equipment	\$ 5,000	Straight-line	3-20 years
Food service equipment	\$ 5,000	Straight-line	3-15 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 governmental-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 primarily of OPEB, a Qualified Zone Academy Bond issue, and early retirement benefits payable.

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

h. Program Revenues

In the Government-Wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the 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 goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. 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.

j. Cash and Cash Equivalents

The School District pools its cash resources for depositing and investing purposes. For purposes of financial statement reporting, the School District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Accordingly, the enterprise fund has access to its 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.

k. Equity Classifications

Government-wide Statements

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

1. Net Invested 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 assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

NOTES TO FINANCIAL STATEMENTS - Page 8
(See Independent Auditors' Report)

3. Unrestricted Net Position - All other net assets that do not meet the definition of "restricted" or "net invested in capital assets."

Fund Financial Statements

Governmental fund equity is classified as fund balance, and is distinguished 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.

l. Application of Net Position

It is the 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.

m. Fund Balance Classification Policies and Procedures

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

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- 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 or committed. Fund Balance may be assigned by the Board, Superintendent or Business Manager.
- 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 School District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The School District does not have a formal minimum fund balance policy.

n. Pension

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.

NOTE 2 - IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2021, the School District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities accounting standard. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required that the District present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2021. The implementation of this standard required the School District to reclassify previously reported agency funds as custodial funds. The effect of the implementation of this standard on beginning net position is disclosed in Note 19.

NOTE 3 - 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 funds 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 district funds to be invested only 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 investments to be in 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, 2021, the School District's 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 increasing interest rates.

NOTES TO FINANCIAL STATEMENTS - Page 10
(See Independent Auditors' Report)

Credit Risk - State law limits eligible investments for the School District, as discussed above. The School District has 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 a deposit policy for custodial risk. As of June 30, 2021, the School District's deposits were fully insured or collateralized and were not exposed to custodial credit risk.

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 deposits and investments to the fund making the investment.

NOTE 4 - RESTRICTED CASH AND INVESTMENTS

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

<u>Amount</u>	<u>Purpose</u>
\$ 376,080	Debt Service
<u>\$ 376,080</u>	

NOTE 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 allowances for estimated uncollectibles have been determined to be necessary.

NOTE 6 - INVENTORY

Inventory for consumption is stated at cost. Inventory for resale is stated at the lower of cost or market. The cost valuation method is consumption method. 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, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

No material inventories were on hand as of June 30, 2021, in the government funds.

NOTE 7 - PROPERTY TAXES

Property taxes are levied on or before October 1, attach as an enforceable lien on property 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 not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period".

NOTES TO FINANCIAL STATEMENTS - Page 11
(See Independent Auditors' Report)

NOTE 8 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	Balance 07/01/2020	Increases	Decreases	Balance 06/30/2021
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 117,377	\$ -	\$ -	\$ 117,377
Total capital assets, being depreciated	117,377	-	-	117,377
Capital assets, being depreciated				
Improvements	909,611	-	-	909,611
Buildings	17,888,443	-	-	17,888,443
Machinery and equipment	2,016,118	92,389	-	2,108,507
Total capital assets, being depreciated	20,814,172	92,389	-	20,906,561
Less accumulated depreciation for				
Improvements	384,018	217,136	-	601,154
Buildings	2,505,700	35,047	-	2,540,747
Machinery and equipment	1,064,011	94,548	-	1,158,559
Total accumulated depreciation	3,953,729	346,731	-	4,300,460
Total capital assets, being depreciated, net	16,860,443	(254,342)	-	16,606,101
Governmental activity capital assets, net	\$ 16,977,820	\$ (254,342)	\$ -	\$ 16,723,478

Depreciation expense was charged to functions as follows:

Governmental activities	
Instruction	\$ 164,922
Support services	109,036
Co-curricular activities	72,773
Total depreciation expense - governmental activities	\$ 346,731

NOTES TO FINANCIAL STATEMENTS - Page 12
(See Independent Auditors' Report)

	Balance 07/01/2020	Increases	Decreases	Balance 06/30/2021
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 184,908	\$ -	\$ -	\$ 184,908
Less accumulated depreciation for Machinery and equipment	\$ 155,165	3,312	-	158,477
Total capital assets, being depreciated, net	\$ 29,743	\$ (3,312)	\$ -	\$ 26,431

Depreciation expense was charged to functions as follows:

Business-type activities	
Food Services	\$ 3,312

NOTE 9 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance 07/1/2020	Additions	Deletions	Balance 6/30/2021	Due Within One Year
Primary government					
Governmental Activities:					
Qualified Zone	\$ 866,000	\$ -	\$ -	\$ 866,000	\$ -
Early retirement benefits payable	\$ 174,809	-	43,189	131,620	35,255
Total governmental activities	\$ 1,040,809	\$ -	\$ 43,189	\$ 997,620	\$ 35,255

Liabilities payable at June 30, 2021 are comprised of the following:

Qualified Zone Academy Bonds Payable:	
Payable from the Debt Service Fund	866,000
Early Retirement Payable: Payable from the General Fund	131,620
	\$ 997,620

NOTES TO FINANCIAL STATEMENTS - Page 13
(See Independent Auditors' Report)

Annual Requirements to Maturity for Long-Term Debt

Year Ended June 30	Early Retirement	QZAB
2022	\$ 35,255	-
2023	25,879	-
2024	17,985	-
2025	17,267	-
2026	17,267	-
2027-2031	17,967	-
2032-2037	-	866,000
Totals	<u>\$ 131,620</u>	<u>\$ 866,000</u>

The amounts for Early Retirement payable are calculated based upon undiscounted cash flows at 20% of the current base salary.

Qualified Zone Academy bonds are term bonds in which the School District makes annual deposits to a money market account at Dacotah Bank until the final term date at which time the entire liability becomes due.

Early Retirement Benefits payable for governmental activities typically have been liquidated from the general fund.

NOTE 10 - OPERATING LEASES AND MAINTENANCE SERVICE AGREEMENT

The School District currently leases a copier from Toshiba Financial Services.

The following are the minimum payments on this operating lease and maintenance service agreement:

	Copier Lease	Total
2022	<u>21,102</u>	<u>21,102</u>

NOTE 11 - INDIVIDUAL FUND INTERFUND TRANSACTIONS

There following interfund transfers were made for the year ended June 30, 2021.

	Transfers In	Transfers Out	Total
Capital Outlay Fund	\$ -	\$ (86,600)	\$ (86,600)
Debt Service	86,600	-	86,600
Total	<u>\$ 86,600</u>	<u>\$ (86,600)</u>	<u>\$ -</u>

Transfers between funds are permitted under SDCL. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS - HEALTHCARE PLAN

Plan Description - Sanford Health Plan is a single-employer defined benefit healthcare plan administered by the Mobridge - Pollock School District. The Sanford Health Plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16. Benefit provisions were established and may be amended during the negotiated agreement process between district certified staff and the governing board. The health plan issues a publicly available actuarial report that includes required supplementary information. That report may be obtained by writing to the Mobridge-Pollock School District or by calling them.

Funding: The contribution requirements of plan members and the School District are established and may be amended during the negotiated agreement process between district certified staff and the governing board. A teacher or administrator, who retires from the District on or after the age of 55 and with at least 15 years of consecutive service with the District, may be eligible for retiree health insurance coverage. Coverage ceases when the retiree attains the age of 65. The retiree is responsible for 100% of the full active premium rates for either single or family coverage. (The pay-as-you-go basis).

Changes in the Total OPEB Liability:

Beginning of Year Balances	\$	267,738
Service Cost		26,206
Interest on Net OPEB Obligation		10,032
Effect of Assumptions Changes or Inputs		25,109
Benefit Payments		(14,733)
Net OPEB Obligation (Asset) - End of year	\$	<u>314,352</u>

Sensitivity of liability (asset) to changes in the discount rate:

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate of 2.21%:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$ 343,005	\$ 314,352	\$ 289,601

For the year ended June 30, 2021, the School District recognized OPEB expense of \$3,966. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows Of Resources	Deferred Outflows of Resources
Changes of assumption	\$ (265,984)	\$ 153,912

NOTES TO FINANCIAL STATEMENTS - Page 15
(See Independent Auditors' Report)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year ended June 30:

2022	\$	(17,539)
2023		(17,539)
2024		(17,539)
2025		(17,539)
2026		(17,238)
Thereafter		(24,678)
	\$	<u>(112,072)</u>

NOTE 13 - RESTRICTED NET POSITION

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Position:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay purposes	Law	\$ 1,654,300
Special Education purposes	Law	396,835
Other Purposes		
Debt Service purposes	Debt Covenants	331,591
SDRS pension purposes	Law	<u>266,078</u>
Total Restricted Net Position		<u>\$ 2,648,804</u>

NOTE 14 - PENSION PLAN

Plan Information:

All permanent employees working twenty or more hours per week participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established 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 South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

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

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

Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to 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.

NOTES TO FINANCIAL STATEMENTS - Page 17
(See Independent Auditors' Report)

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6% of salary; Class B Judiciary 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. The School District's share of contributions to the SDRS for the years ended June 30, 2021, 2020, and 2019 were \$227,069, \$225,277, and \$215,943, respectively, equal to the required contributions each year.

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

At June 30, 2020, SDRS is 100.04% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System reported by the School District as of June 30, 2021 are as follows:

Proportionate share of total pension liability	\$ 21,030,487
Less proportionate share of net position restriced for pension benefits	<u>21,037,917</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (7,430)</u></u>

At June 30 2021, the District reported an asset of \$7,430 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020 and the total pension asset used to calculate the 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, 2020, the School District's proportion was .17107700%, which is an increase of .0018060% from its proportion measure as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense of \$363,462. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS - Page 18
(See Independent Auditors' Report)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 28,423	\$ 5,820
Changes in assumption	239,321	965,195
Net difference between projected and actual earnings on pension plan investments	690,567	-
Changes in proportion and difference between the District contributions and proportionate share of contributions.	54,956	10,673
District contributions subsequent to the measurement date	227,069	-
Total	<u>\$ 1,240,336</u>	<u>\$ 981,688</u>

\$227,069 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, 2022. 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:

2022	\$ (63,619)
2023	(48,524)
2024	15,268
2025	128,454
TOTAL	<u>\$ 31,579</u>

Actuarial Assumptions:

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

Inflation	2.25%
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Investment Rate of Return	6.50% net of plan investment expenses
Future COLAs	1.41%

Mortality rates were based on 97% of the RP-2014 Mortality Table, 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.

NOTES TO FINANCIAL STATEMENTS - Page 19
(See Independent Auditors' Report)

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	30.00%	1.50%
Real Estate	10.00%	6.20%
Cash	2.00%	1.00%
Total	100.00%	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee 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).

Sensitivity of liability (asset) to changes in discount rate:

The following presents the District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.5% as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	\$ 2,882,286	\$ (7,430)	\$ (2,371,160)

Pension Plan Fiduciary Net Position

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

NOTE 15 - SPECIAL TERMINATION BENEFITS

The School District maintained an early retirement program which ended on June 30, 2021. Employees are no longer offered early retirement; however, as of June 30, 2021, the School was paying benefits to five qualified individuals. The payments will end on June 30, 2027.

NOTE 16 - 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, 2021 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. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

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 and vehicle coverage from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workmen's Compensation

The School District purchases liability insurance for workers compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

NOTES TO FINANCIAL STATEMENTS - Page 21
(See Independent Auditors' Report)

Unemployment Benefits

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year ended June 30, 2021, no claims were filed for unemployment benefits. At June 30, 2021, no claims had been filed or were outstanding for unemployment benefits and none are anticipated in the next fiscal year.

NOTE 17 - LITIGATION

At June 30, 2021, the School District was not involved in any litigation.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

NOTE 19 - IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT

As of June 30, 2021 the School District implemented GASB Statement No. 84, *Fiduciary Activities*. Certain agency funds previously accounted for activities that are not considered fiduciary in nature and are now reported in the General Fund. The School District restated the net position and fund balance of the General Fund to appropriately reflect the July 1, 2020 balances as follows:

Net Position at June 30, 2020, as previously stated	\$ 20,385,663
Restatement - Implementation of GASB 84	<u>95,476</u>
Net Position at July 1, 2020, as restated	<u><u>20,481,139</u></u>
General Fund Balance at June 30, 2020 as previously stated	2,516,950
Restatement - Implementation of GASB 84	<u>95,476</u>
General Fund Balance at July 1, 2020 as restated	<u><u>2,612,426</u></u>
Custodial Fund Net Position at June 30, 2020, as previously stated	-
Restatement - Implementation of GASB 84	<u>76,203</u>
Custodial Fund Net Position at July 1, 2020, as restated	<u><u>\$ 76,203</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual Amounts (Budgetary Basis)	Positive (Negative)	
REVENUES					
1000	Revenue from local sources				
1100	Taxes				
1110	Ad valorem taxes	\$ 1,313,033	1,313,033	\$ 1,388,207	\$ 75,174
1120	Prior years' ad valorem taxes	-	-	18,260	18,260
1140	Utility Tax	152,000	152,000	121,824	(30,176)
1190	Penalties and interest on taxes	6,000	6,000	5,590	(410)
1510	Earnings on investments and deposits	7,000	7,000	1,373	(5,627)
1700	Cocurricular activities				
1710	Admissions	25,000	25,000	20,134	(4,866)
1790	Other pupil activities	500	500	500	-
1900	Other revenue from local sources				
1920	Contributions and donations	-	-	10,367	10,367
1970	Charges for services	9,200	9,200	10,045	845
1990	Other	9,000	9,000	80,675	71,675
2000	Revenue from intermediate sources				
2100	County sources				
2110	County apportionment	19,000	19,000	29,220	10,220
3000	Revenue from state sources				
	Grants-in-aid				
3110	Unrestricted grants-in-aid	2,462,645	2,462,645	2,615,147	152,502
3120	Restricted grants-in-aid	-	-	90	90
4000	Revenue from federal sources				
	Grants-in-aid				
4120	Unrestricted grants-in-aid received from federal govt through the state	97,672	97,672	235,534	137,862
4140	Unrestricted grants-in-aid Received directly from federal government	48,000	48,000	50,128	2,128
4150- 4199	Restricted grants-in-aid received from federal government through the state	311,737	311,737	382,930	71,193
4400	Johnson O-Malley funds	10,000	10,000	8,037	(1,963)
4900	Other	-	-	34,072	34,072
	Total revenue	\$ 4,470,787	\$ 4,470,787	\$ 5,012,133	\$ 541,346
EXPENDITURES					

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual Amounts (Budgetary Basis)	Positive (Negative)	
1000 Instruction					
1100 Regular programs					
1111 Elementary	\$ 927,576	\$ 930,787	\$ 904,472	\$ 26,315	
1121 Middle/junior high	606,390	606,390	641,769	(35,379)	
1131 High School	889,679	889,679	873,982	15,697	
1190 Other regular programs	66,308	66,308	64,540	1,768	
1200 Special programs					
1270 Educationally deprived	289,780	289,780	346,974	(57,194)	
2000 Support services					
2100 Pupils					
2120 Guidance	117,322	117,322	109,510	7,812	
2134 Health	3,500	3,500	4,041	(541)	
2200 Support services-instructional staff					
2210 Improvement of instruction	17,000	17,629	1,287	16,342	
2220 Educational media	201,185	201,185	185,197	15,988	
2300 Support services-general administration:					
2310 Board of education	69,887	69,887	56,504	13,383	
2321 Executive administration	156,106	156,106	157,658	(1,552)	
Support services-school administration					
2410 Office of the Principal	421,754	468,513	410,752	57,761	
2490 Other	2,000	2,000	736	1,264	
2500 Support services-business					
2529 Fiscal services	150,892	150,892	152,642	(1,750)	
2540 Operation and maintenance of plant	774,282	774,282	788,497	(14,215)	
2550 Pupil Transportation	40,639	40,639	25,921	14,718	
2560 Food services	25,813	25,813	31,633	(5,820)	
2600 Support services - central					
2620 Data Collection	-	2,000	652	1,348	
Nonprogrammed charges					
4500 Early retirement payments	35,977	35,977	41,374	(5,397)	
6000 Cocurricular activities					
6100 Male activities	65,188	68,685	72,694	(4,009)	
6200 Female activities	43,676	43,676	40,392	3,284	
6500 Transportation	40,611	40,611	37,989	2,622	
6900 Combined activities	152,414	163,565	153,982	9,583	
7000 Contingencies	15,000	-	-	-	
Total Expenditures	\$ 5,112,979	\$ 5,165,226	\$ 5,103,198	\$ 62,028	

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess revenue over/under expenditures	\$ (642,192)	\$ (694,439)	\$ (91,065)	\$ 603,374
Other financing sources/(uses)				
5110 Transfers in	416,163	620,426	-	(620,426)
5130 Sale of surplus property	-	-	60	(60)
Total other financing uses	373,429	620,426	60	(620,486)
Net change in fund balances	(268,763)	(74,013)	(91,005)	(16,992)
Fund balance - beginning	1,694,392	1,694,392	1,694,392	-
Restatement - Implementation of GASB 84 (Note 19)	95,476	95,476	95,476	-
Fund balance - ending	\$ 1,521,105	\$ 1,715,855	\$ 1,698,863	\$ (16,992)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES					
1000	Revenue from local sources				
1100	Taxes				
1110	Ad valorem taxes	\$ 903,712	\$ 903,712	\$ 900,658	\$ (3,054)
1120	Prior years' ad valorem taxes	-	-	8,434	8,434
1190	Penalties and interest on taxes	-	-	2,916	2,916
1900	Other revenue from local sources				
1920	Contributions and donations	-	-	5,610	5,610
4000	Revenue from federal sources				
4120	Unrestricted grants-in-aid received from federal govt through the state	80,000	80,000	75,000	(5,000)
	Total revenue	983,712	983,712	992,618	8,906
EXPENDITURES:					
1000	Instruction				
1100	Regular programs				
1110	Elementary	100,000	100,000	153,943	(53,943)
1120	Middle/junior high	25,000	25,000	36,631	(11,631)
1130	High School	60,000	60,000	57,683	2,317
2000	Support services				
2200	Support services - instructional staff				
2220	Educational media	144,000	144,000	30,389	113,611
2400	Support Services - general administration				
2410	Board of education	-	-	400	(400)
2500	Support services - business				
2540	Operation and maintenance of plant	119,549	210,549	13,757	196,792
2550	Pupil transportation	-	-	81,991	(81,991)
2560	Food service	-	-	806	(806)
Cocurricular Activities:					
6100	Male activities	-	-	5,267	(5,267)
6500	Transportation	-	4,000	4,000	-
6900	Combined activities	25,000	30,000	20,427	9,573
	Total expenditures	473,549	573,549	405,294	168,255
Excess revenue over/under expenditures					
		510,163	410,163	587,324	177,161
Other financing uses					
5110	Transfer out	(420,163)	(420,163)	(86,600)	333,563
	Total other financing uses	(420,163)	(420,163)	(86,600)	333,563
Net change in fund balances					
		90,000	(10,000)	500,724	510,724
Fund balance - beginning					
		1,150,585	1,150,585	1,150,585	-
Fund balance - ending					
		\$ 1,240,585	\$ 1,140,585	\$ 1,651,309	\$ 510,724

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES					
1000	Revenue from local sources				
1100	Taxes				
1110	Ad valorem taxes	\$ 495,652	\$ 495,652	\$ 588,029	\$ 92,377
1120	Prior years' ad valorem taxes	-	-	5,082	5,082
1190	Penalties and interest on taxes	-	-	1,774	1,774
1900	Other revenue from local sources				
1940	Services provided other schools	-	-	27,317	27,317
1970	Charges for services	-	-	1,527	1,527
1990	Other	-	-	17,749	17,749
3000	Revenue from state sources				
	Grants-in-aid				
3120	Restricted grants-in-aid	246,800	246,800	236,632	(10,168)
4000	Revenue from federal sources				
	Grants-in-aid				
4110	Unrestricted grants-in-aid received directly from the federal government	-	-	6,268	6,268
4150	Restricted grants-in-aid received from federal government through the state	168,593	168,593	187,993	19,400
	Total revenue	911,045	911,045	1,072,371	161,326

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			
EXPENDITURES					
Instruction					
1200	Special programs				
1220	Programs for special education	662,585	662,585	603,307	59,278
2000	Support services				
2100	Pupils				
2140	Psychological	79,238	79,238	77,107	2,131
2150	Speech pathology	145,641	145,641	113,340	32,301
2170	Student therapy services	26,000	26,000	31,055	(5,055)
2700	Support services - special education				
2710	Administrative costs	84,313	84,313	82,106	2,207
2730	Transportation costs	1,000	1,000	80	920
2750	Other	-	-	100	(100)
Total expenditures		998,777	998,777	907,095	91,682
Excess revenue over/under expenditures		(87,732)	(87,732)	165,276	253,008
Net change in fund balance		(87,732)	(87,732)	165,276	253,008
Fund balance - beginning		220,424	220,424	220,424	-
Fund balance -ending		\$ 132,692	\$ 132,692	\$ 385,700	\$ 253,008

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. 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.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. 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.
6. 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 number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five 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.
8. 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.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
FOR THE YEAR ENDED JUNE 30, 2021

11. The following reconciles the U.S. GAAP Basis Fund Balance to the budgetary basis Fund Balance for the General Fund as of June 30, 2021:

U.S. GAAP Basis Fund Balance	\$ 2,703,705
Subtract: portion comprised of excess Impact Aid funds	(1,004,842)
Budgetary Basis Fund Balance	<u>\$ 1,698,863</u>

NOTE 2 - USGAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.1710770%	0.1692710%	0.1805606%	0.1918739%	0.1703682%	0.1734388%	0.1739760%
District's proportionate share of net pension liability (asset)	\$ (7,430)	\$ (17,938)	\$ (4,211)	\$ (17,413)	\$ 575,487	\$ (735,604)	\$ (1,253,426)
District's covered-employee payroll	\$ 3,754,625	\$ 3,599,150	\$ 3,753,676	\$ 3,898,472	\$ 3,239,553	\$ 3,166,500	\$ 3,118,913
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.20%	-0.50%	-0.11%	-0.45%	17.76%	-23.23%	-40.19%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.29%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of previous fiscal year. Until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 227,069	\$ 225,277	\$ 215,943	\$ 225,221	\$ 233,909	\$ 194,373	\$ 189,990
Contributions in relation to the contractually required contribution	\$ 227,069	\$ 225,277	\$ 215,943	\$ 225,221	\$ 233,909	\$ 194,373	\$ 188,990
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,784,479	\$ 3,754,625	\$ 3,599,150	\$ 3,753,676	\$ 3,898,472	\$ 3,239,553	\$ 3,166,500
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) AND SCHEDULE OF CONTRIBUTIONS

Changes from prior valuation

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

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

Benefit Provision Changes

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of this report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% 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 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.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

TOTAL OPEB LIABILITY

Service Cost	\$ 26,206
Interest on Total OPEB Liability	10,032
Effect of liability gains or losses	-
Effect of assumption changes or inputs	25,109
Benefit payments	<u>(14,733)</u>
Net change in total OPEB liability	46,614
Total OPEB liability, beginning	<u>267,738</u>
Total OPEB liability, ending	<u><u>\$ 314,352</u></u>

SUPPLEMENTARY INFORMATION

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Pass-through the SD Department of Education			
Child nutrition cluster			
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	NSLP-17-204	33,827
Cash Assistance			
School breakfast program (Note 3,4)	10.553	NSLP-17-204	47,741
National School Lunch Program (Note 3,4)	10.555	NSLP-17-204	289,545
Total child nutrition cluster			\$ 371,113
Other Programs			
Fresh Fruit & Vegetable Program	10.582	N/A	22,950
Total U.S. Department of Agriculture			394,063
U.S. DEPARTMENT OF THE INTERIOR			
Direct federal funding			
Indian education - assistance to schools -			
Johnson-O-Malley (Note 3)	15.130	N/A	8,037
Payment in Lieu of Taxes	15.226	N/A	34
Total U.S. Department of the Interior			8,071
U.S. DEPARTMENT OF THE TREASURY			
Pass-through the SD Department of Education			
Coronavirus Relief Fund (Note 4)	21.019	N/A	310,500
Total U.S. Department of the Interior			310,500
U.S. DEPARTMENT OF EDUCATION			
Direct federal funding			
Impact Aid (Title VIII of ESEA)	84.041	N/A	188,552
Indian education - grants to local educational agencies	84.060	N/A	50,128
Pass-through the SD Department of Education			
Title I grants to local educational agencies	84.010	T1ba-17-098	274,299
Special Education Cluster:			
Special Education - Grants to States - Flow Through	84.027	17-611-058	181,763
Special Education - Preschool Grants	84.173	17-619-052	6,230
Total Special Education Cluster			187,993

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MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
Improving Teach Quality State Grants (Title II Part A)	84.367	17-T2A-098	49,980
Career and Technical Education - Basic Grants to the States	84.048	N/A	10,597
Student Support and Academic Enrichment Program	84.424	N/A	25,104
Total U.S. Department of Education			786,653
Total Expenditures			1,499,287

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule resents only a selected portion of the operatios of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE 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 the reimbursement. The School District has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - FEDERAL REIMBURSEMENTS

Federal reimbursements are not based upon specific expenditures. Therefore, some amounts reported here represent cash received and/or food commodities used rather than federal expenditures.

NOTE 4: MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM

This represents a Major Federal Financial Assistance Program.