

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2020

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**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, 2020, and for the year then ended which collectively comprise the School District's basic financial statements and have issued our report thereon December 2, 2020.

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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items listed as 2020-001 through 2020-004 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.

Cabriel Bauer

Mobridge, South Dakota
December 2, 2020



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, 2020. 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, 2020.

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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.

Calvin Brown

Mobridge, South Dakota
December 2, 2020

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
AS OF JUNE 30, 2020 AND FOR THE YEAR THEN ENDED**

FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2019-001:

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, trust and agency, capital assets, and equity. This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions and errors not being found in a timely manner. This has been a finding since June 30, 1998.

Current Status: This has not been corrected and is restated as current audit finding 2020-001.

Finding 2019-002:

The District's internal control structure does not provide for the preparation of financial statements in accordance with generally accepted accounting principles. This has been a finding since June 30, 1998.

Current Status: This has not been corrected and is restated as current audit finding 2020-002.

Finding 2019-003:

Internal control system does not provide for the recording of all necessary material adjustments. This has been a finding since June 30, 1998.

Current Status: This has not been corrected and is restated as current audit finding 2020-003.

Finding 2019-004:

The internal control structure did not provide for identifying that Capital Outlay Fund exceeded budgeted appropriations.

Current Status: This finding has been corrected.

FINDINGS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No prior federal findings exist.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

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 2020-001 through 2020-004.
- 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 did not disclose any audit findings that need to be disclosed in accordance with the 2 CFR 516(a).
- f. The federal awards tested as major programs were:
 - a. Impact Aid 84.041
 - 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.

CURRENT FINDINGS - FINANCIAL STATEMENT AUDIT

FINDING 2020-001

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.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

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 2020-002

Criteria

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

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.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

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 2020-003

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.

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.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

FINDING 2020-004

Criteria

A School District is prohibited by SDCL 13-16-26.2 from transferring money from the General Fund to the Capital Outlay Fund.

Condition Found

The School District transferred money from the General Fund to the Capital Outlay Fund, which is a violation of SDCL 13-16-26.2. This violation has been corrected by an audit adjustment.

Cause and Effect

The School Board did not adhere to the laws governing transfers of money between funds; therefore, a breakdown of internal control exists within the organization.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

CURRENT FINDINGS - FEDERAL AUDIT FINDINGS

There are no written current federal compliance audit findings to report.

Mobridge-Pollock School District No. 62-6

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Finding Number 2020-001: 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 2020-002: 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 2020-003: 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.

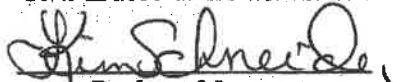
Views of Responsible officials and Planned Correct Action Plan:

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 2020-004: Material weakness due to the School District transferring money from the General Fund to the Capital Outlay Fund, which is a violation of SDCL 13-16-26.2.

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 Board review transfers are done in accordance with state law prior to approving them.


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, 2020 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, 2020, 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 45 through 56 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.

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 December 2, 2020 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.

Calvin Brown

Mobridge, South Dakota
December 2, 2020

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,132,919	\$ 118,530	\$ 4,251,449
Taxes receivable	1,257,529	-	1,257,529
Other assets	244,410	46,077	290,487
Inventories	-	27,469	27,469
Restricted cash and cash equivalents	331,591	-	331,591
Net pension asset	17,326	612	17,938
Capital assets			
Land	117,377	-	117,377
Other capital assets, net of depreciation	16,860,443	29,743	16,890,186
TOTAL ASSETS	\$ 22,961,595	\$ 222,431	\$ 23,184,026
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	963,800	38,189	1,001,989
Other deferred outflows	150,795	-	150,795
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,114,595	\$ 38,189	\$ 1,152,784

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	\$ 33,250	\$ 14,119	\$ 47,369
Other current liabilities	491,041	9,197	500,238
Unearned revenue	-	14,487	14,487
Noncurrent liabilities:			
Due within one year	43,189	-	43,189
Due in more than one year	1,265,358	-	1,265,358
TOTAL LIABILITIES	\$ 1,832,838	\$ 37,803	\$ 1,870,641
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	377,550	12,838	390,388
Other deferred inflows	305,515	-	305,515
Taxes levied for future period	1,174,624	-	1,174,624
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,857,689	\$ 12,838	\$ 1,870,527
NET POSITION			
Net investment in capital assets	16,111,820	29,743	16,141,563
Restricted for			
Capital outlay purposes	1,144,538	-	1,144,538
Special education purposes	228,699	-	228,699
Debt service purposes	331,591	-	331,591
SDRS pension purposes	603,576	25,963	629,539
Unrestricted	1,965,439	154,273	2,119,712
TOTAL NET POSITION	\$ 20,385,663	\$ 209,979	\$ 20,595,642

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 4,076,372	\$ -	\$ 707,505	\$ (3,368,867)	\$ -	\$ (3,368,867)
Support services	2,425,881	38,898	-	(2,386,983)	-	(2,386,983)
Community Services	3,393	-	-	(3,393)	-	(3,393)
Nonprogrammed charges	15,342	-	-	(15,342)	-	(15,342)
Interest on long-term debt	43,300	-	-	(43,300)	-	(43,300)
Curricular activities	408,961	29,839	-	(379,122)	-	(379,122)
Total governmental activities	6,973,249	68,737	707,505	(6,197,007)	-	(6,197,007)
Business-type activities						
Food service	457,925	159,647	281,259	-	(17,019)	(17,019)
Total primary government	\$ 7,431,174	\$ 228,384	\$ 988,764	(6,197,007)	(17,019)	(6,214,026)
General Revenues						
Taxes						
Property taxes				2,762,034	-	2,762,034
Gross receipts taxes				148,514	-	148,514
Revenue from state sources						
State aid				2,477,498	-	2,477,498
Other				72,411	-	72,411
Revenue from federal sources				227,252	-	227,252
Unrestricted investment earnings				10,339	-	10,339
Other general revenues				100,521	-	100,521
Transfers				(1,625)	1,625	-
Total general revenues				5,796,944	1,625	5,798,569
Change in net position				(400,063)	(15,394)	(415,457)
Net position - beginning				20,785,726	225,373	21,011,099
Net position - ending				\$ 20,385,663	\$ 209,979	\$ 20,595,642

* 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, 2020

	Major Funds				Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Nonmajor Funds	
ASSETS					
Cash and cash equivalents	\$ 2,630,590	\$ 1,124,546	\$ 229,269	\$ -	\$ 3,984,405
Prepaid expenses	-	20,196	-	-	20,196
Taxes receivables - current	593,300	372,481	238,147	-	1,203,928
Taxes receivables - delinquent	31,177	14,149	8,275	-	53,601
Dur from state government	148,514	-	-	-	148,514
Due from federal governments	119,586	-	53,440	-	173,026
Deposits	51,188	-	-	-	51,188
Restricted cash and cash equivalents	-	-	-	331,591	331,591
TOTAL ASSETS	\$ 3,574,355	\$ 1,531,372	\$ 529,131	\$ 331,591	\$ 5,966,449
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 28,565	\$ 3,929	\$ 756	\$ -	\$ 33,250
Contracts payable	363,719	-	61,218	-	424,937
Due to other funds	6,958	-	-	-	6,958
Payroll deductions and withholdings and employer matching payable	52,633	-	6,513	-	59,146
Total Liabilities	451,875	3,929	68,487	-	524,291
Deferred Inflows of Resources					
Unavailable Revenue - Property Tax	27,825	12,726	7,433	-	47,984
Taxes levied for future period	577,705	364,132	232,787	-	1,174,624
Total Deferred Inflows of Resources	605,530	376,858	240,220	-	1,222,608
Fund balances					
Nonspendable					
Prepaids	-	20,196	-	-	20,196
Deposits	51,188	-	-	-	51,188
Restricted					
Capital outlay purposes	-	1,130,389	-	-	1,130,389
Special education purposes	-	-	220,424	-	220,424
Debt service purposes	-	-	-	331,591	331,591
Pow Wow purposes	150	-	-	-	150
Student incentive purposes	15,448	-	-	-	15,448
Assigned					
Unemployment	1,427	-	-	-	1,427
Unassigned	2,448,737	-	-	-	2,448,737
Total fund balance	2,516,950	1,150,585	220,424	331,591	4,219,550
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,574,355	\$ 1,531,372	\$ 529,131	\$ 331,591	\$ 5,966,449

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, 2020

Total fund balances - governmental funds	\$	4,219,550
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.		16,977,820
Net pension asset reported in governmental activities is not an available financial resource and therefor is not reported in the funds.		17,326
Pension and other related outflows are components of pension liability (asset) and OPEB liability and therefore are not reported in the funds.		
Pension	\$963,800	
OPEB	\$150,795	1,114,595
Pension and other related deferred inflows are components of pension liability (asset) and OPEB liability and therefore are not reported in the funds.		
Pension	\$377,550	
OPEB	\$305,515	(683,065)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Early retirement benefits	\$174,809	
Qualified Zone Academy Bonds payable	\$866,000	
Other post-employment benefits	\$267,738	(1,308,547)
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.		47,984
		<hr/>
Net position- governmental funds	\$	<u><u>20,385,663</u></u>

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Nonmajor Funds	
REVENUES					
Revenue from local sources					
Taxes					
Ad valorem taxes	\$ 1,324,000	\$ 850,172	\$ 539,980	\$ -	\$ 2,714,152
Prior years' ad valorem taxes	12,753	5,742	3,518	81	22,094
Tax deed revenue	467	-	-	-	467
Utility taxes	148,514	-	-	-	148,514
Penalties and interest on taxes	4,069	2,043	1,189	41	7,342
Earnings on investments and deposits	8,481	-	-	1,858	10,339
Cocurricular activities					
Admissions	25,339	-	-	-	25,339
Other pupil activity income	4,500	-	-	-	4,500
Other revenue from local sources					
Contributions and donations	7,252	-	859	-	8,111
Services provided other school districts	-	-	30,531	-	30,531
Charges for services	7,263	-	1,104	-	8,367
Other	51,808	-	-	-	51,808
Revenue from intermediate sources					
County sources					
County appointment	23,668	-	-	-	23,668
Revenue from state sources					
Grants-in-aid					
Unrestricted grants-in-aid	2,477,498	-	-	-	2,477,498
Restricted grants-in-aid	6,876	-	250,314	-	257,190
Other state revenue	72,411	-	-	-	72,411
Revenue from federal sources					
Grants-in-aid					
Unrestricted grants-in-aid					
Received directly from the federal government	164,896	-	2,280	-	167,176

(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, 2020

	Major Funds				Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Nonmajor Funds	
Unrestricted grants-in-aid Received from federal government through the state	35	-	-	-	35
Restricted grants-in-aid Received directly from the federal government	49,472	-	-	-	49,472
Restricted grants-in-aid Received from federal government through the state	286,430	-	163,885	-	450,315
Johnson O'Malley funds	10,569	-	-	-	10,569
Other federal revenues	16,774	-	-	-	16,774
Total Revenues	\$ 4,703,075	\$ 857,957	\$ 993,660	\$ 1,980	\$ 6,556,672

EXPENDITURES

Instruction					
Regular programs					
Elementary	\$ 927,202	\$ 32,680	-	-	\$ 959,882
Middle/junior high	586,728	15,780	-	-	602,508
High school	923,030	124,284	-	-	1,047,314
Other regular programs	56,800	-	-	-	56,800
Special programs					
Programs for special education	-	-	595,063	-	595,063
Educationally deprived	256,819	-	-	-	256,819
Support services					
Pupils					
Guidance	110,557	-	-	-	110,557
Health	3,144	-	-	-	3,144
Psychological	-	-	72,083	-	72,083
Speech pathology	-	-	119,812	-	119,812
Student therapy services	-	-	25,791	-	25,791
Support services - instructional staff					
Improvement of instruction	5,217	-	-	-	5,217

(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, 2020

	Major Funds				Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Nonmajor Funds	
Educational media	169,350	31,389	-	-	200,739
Support services - general administration					
Board of education	43,353	400	-	-	43,753
Executive administration	165,929	-	-	-	165,929
Support services - school administration:					
Office of the principal	404,875	-	-	-	404,875
Other	803	-	-	-	803
Support services - business					
Fiscal services	145,812	-	-	-	145,812
Operation and maintenance of plant	724,507	8,585	-	-	733,092
Pupil transportation	20,199	-	-	-	20,199
Food services	20,209	650	-	-	20,859
Support services - special education					
Administrative costs	-	-	78,322	-	78,322
Other	-	-	261	-	261
Nonprogrammed charges					
Early retirement payments	-	-	-	-	-
Cocurricular activities	-	-	-	41,264	41,264
Male activities	68,509	-	-	-	68,509
Female activities	39,522	-	-	-	39,522
Transportation	36,303	-	-	-	36,303
Combined activities	150,167	26,020	-	-	176,187
Debt services	-	-	-	-	-
Capital outlay	-	246,373	-	43,300	43,300
Total expenditures	\$ 4,859,035	\$ 486,161	\$ 891,332	\$ 84,564	\$ 6,321,092
Excess of revenue over (under) expenditures	\$ (155,960)	\$ 371,796	\$ 102,328	\$ (82,584)	\$ 235,580

(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, 2020

	Major Funds			Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	
Other financing sources (uses)				
Transfer in	239,774	-	4,200	342,695
Transfer out	(17,946)	(311,738)	-	(344,320)
Sale of surplus property	160	-	-	160
Net other financing sources (uses)	221,988	(311,738)	4,200	(1,465)
Net change in fund balances	66,028	60,058	106,528	234,115
Fund balance - beginning	2,450,922	1,090,527	113,896	3,985,435
Fund Balance - Ending	\$ 2,516,950	\$ 1,150,585	\$ 220,424	\$ 4,219,550

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, 2020

Net change in fund balances - total governmental funds	\$	234,115
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.		(94,377)
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".		17,979
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 <u>\$25,922</u>		25,922
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)		(546,935)
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.		(36,767)
Change in net position of governmental activities	\$	<u>(400,063)</u>

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Funds Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 118,530
Accounts receivable	23,766
Due from other government	22,311
Inventory of supplies	6,352
Inventory of stores purchased for resale	11,805
Inventory of donated food	9,312
Total current assets	<u>192,076</u>
Noncurrent assets	
Pension asset	612
Capital assets	
Machinery and equipment	184,908
Less accumulated depreciation	<u>(155,165)</u>
Total noncurrent assets	<u>30,355</u>
TOTAL ASSETS	<u>222,431</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows of resources	<u>38,189</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>38,189</u>
LIABILITIES	
Current liabilities	
Accounts payable	14,119
Contracts payable	8,403
Payroll deductions and withholdings and employer matching payable	794
Unearned revenue	<u>14,487</u>
TOTAL LIABILITIES	<u>37,803</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows of resources	<u>12,838</u>
DEFERRED INFLOWS OF RESOURCES	<u>12,838</u>
NET POSITION	
Invested in capital assets	29,743
Restricted for SDRS purposes	25,963
Unrestricted net position	<u>154,273</u>
TOTAL NET POSITION	<u>\$ 209,979</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, 2020

	Enterprise Funds Food Service Fund
OPERATING REVENUE	
Sales	
Students	\$ 101,143
Adult	13,108
Ala carte	39,696
Other charges for goods and services	5,700
Total operating revenue	<u>159,647</u>
OPERATING EXPENSES	
Food Service	
Salaries	146,005
Employee benefits	80,458
Purchased services	4,892
Supplies	11,684
Cost of sales - purchased food	181,188
Cost of sales - donated food	28,460
Depreciation	5,238
Total Operating Expenses	<u>457,925</u>
Operating Loss	<u>(298,278)</u>
NONOPERATING REVENUES (EXPENSES)	
State sources	
Cash reimbursements	1,416
Federal sources	
Cash reimbursements	247,106
Donated food	32,737
Total nonoperating revenues	<u>281,259</u>
INCOME (LOSS) BEFORE TRANSFERS	(17,019)
Transfers In	<u>1,625</u>
CHANGE IN NET POSITION	(15,394)
NET POSITION - BEGINNING	<u>225,373</u>
NET POSITION - ENDING	<u><u>\$ 209,979</u></u>

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 170,900
Payments to suppliers	(190,174)
Payments to employees	(207,443)
Net cash used by operating activities	<u>(226,717)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash reimbursements - state sources	1,416
Cash reimbursements - federal sources	234,327
Transfers in	1,625
Net cash flows from noncapital financing activities	<u>237,368</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,651
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>107,879</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 118,530</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (298,278)
Adjustments to reconcile operating loss to net cash used by operating activities	
Value of commodities used	28,460
Depreciation expense	5,238
Change in assets and liabilities	
Accounts receivable	2,423
Inventories	(4,661)
Accounts and other payables	12,251
Contracts and benefits payable	(381)
Unearned revenue	8,830
Pension deferred outflows/inflows	19,401
Net cash used by operating activities	<u><u>\$ (226,717)</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Value of commodities received	<u><u>\$ 32,737</u></u>

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Private-Purpose Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 5,316	\$ 178,192
Investments	31,850	-
Due from other funds	-	6,958
Total assets	37,166	185,150
LIABILITIES		
Amounts held for others	-	185,150
Total liabilities	-	185,150
NET POSITION	\$ 37,166	\$ -

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Private-Purpose Trust Funds
ADDITIONS	
Earnings on investments and deposits	\$ 283
TOTAL ADDITIONS	283
DEDUCTIONS:	
Trust deductions for scholarships	1,050
TOTAL DEDUCTIONS	1,050
CHANGE IN NET POSITION	(767)
NET POSITION - BEGINNING	37,933
NET POSITION - ENDING	\$ 37,166

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(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.

Pension Fund - A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of school districts, which have established such systems, paying the District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This fund was closed.

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)

Agency Fund Types - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The School District maintains agency funds to hold assets as an agent in a trustee capacity for various classes, clubs and student organizations.

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, 2020 are reimbursements for federal program expenditures, state reimbursements, and utility taxes.

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

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. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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, except for the net, residual amounts due between governmental and business-type activities.

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.

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

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.

The total June 30, 2020 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, 2020 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.

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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:

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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.

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 (except for Agency Funds, which have no fund equity) is reported as net position held in trust for other purposes.

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.

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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 - DEPOSITS AND INVESTMENTS

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, 2020, the School District did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

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.

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.

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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, 2020, 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 3 - 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>
\$ 331,591	Debt Service
<u>\$ 331,591</u>	

NOTE 4 - 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 5 - 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, 2020, in the government funds.

NOTE 6 - 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".

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NOTE 7- CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Balance 7/01/2019	Increases	Decreases	Balance 6/30/2020
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	859,698	49,913		909,611
Buildings	17,888,443	-	-	17,888,443
Machinery and equipment	1,819,658	196,460	-	2,016,118
Total capital assets, being depreciated	20,567,799	246,373	-	20,814,172
Less accumulated depreciation for				
Improvements	350,170	33,848	-	384,018
Buildings	2,288,562	217,138	-	2,505,700
Machinery and equipment	974,247	89,764	-	1,064,011
Total accumulated depreciation	3,612,979	340,750	-	3,953,729
Total capital assets, being depreciated, net	16,954,820	(94,377)	-	16,860,443
Governmental activity capital assets, net	\$ 17,072,197	\$ (94,377)	\$ -	\$ 16,977,820

Depreciation expense was charged to functions as follows:

Governmental activities	
Instruction	\$ 166,241
Support services	100,220
Co-curricular activities	70,896
Community	3,393
Total depreciation expense - governmental activities	\$ 340,750

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	Balance 7/01/2019	Increases	Decreases	Balance 6/30/2020
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 184,908	\$ -	\$ -	\$ 184,908
Less accumulated depreciation for Machinery and equipment	149,927	5,238	-	155,165
 Total capital assets, being depreciated, net	<u>\$ 34,981</u>	<u>\$ (5,238)</u>	<u>\$ -</u>	<u>\$ 29,743</u>

Depreciation expense was charged to functions as follows:

Business-type activities	
Food Services	<u>\$ 5,238</u>

NOTE 8 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020	Due Within One Year
Primary government					
Governmental Activities:					
Qualified Zone	\$ 866,000	\$ -	\$ -	\$ 866,000	\$ -
Early retirement benefits payable	200,731	15,342	41,264	174,809	43,189
Total governmental activities	<u>\$ 1,066,731</u>	<u>\$ 15,342</u>	<u>\$ 41,264</u>	<u>\$ 1,040,809</u>	<u>\$ 43,189</u>

Liabilities payable at June 30, 2020 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	174,809
	<u>\$ 1,040,809</u>

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Annual Requirements to Maturity for Long-Term Debt

Year Ended June 30	Early Retirement	QZAB
2021	\$ 43,189	-
2022	35,255	-
2023	25,879	-
2024	17,985	-
2025	17,267	-
2026-2030	13,661	-
2031-2036	21,573	866,000
Totals	<u>\$ 174,809</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 9 - OPERATING LEASES AND MAINTENANCE SERVICE AGREEMENT

The School District currently leases a copier from Marco.

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

	Copier Lease	Total
2021	25,332	25,332

NOTE 10 - INDIVIDUAL FUND INTERFUND TRANSACTIONS

There following interfund transfers were made for the year ended June 30, 2020.

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
General Fund	\$ 239,774	\$ (17,946)	\$ 221,828
Capital Outlay Fund	-	(311,738)	(311,738)
Special Education Fund	4,200	-	4,200
Pension Fund	12,121	(14,636)	(2,515)
Debt Service	86,600	-	86,600
Food Service Fund	1,625	-	1,625
Total	<u>\$ 344,320</u>	<u>\$ (344,320)</u>	<u>\$ -</u>

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

NOTE 11 - 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	\$	361,938
Service Cost		55,785
Interest on Net OPEB Obligation		15,887
Effect of Economic/Demographic Gains or Losses		169,956
Effect of Assumptions Changes or Inputs		(321,293)
Benefit Payments		(14,535)
Net OPEB Obligation (Asset) - End of year	\$	<u>267,738</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 3.50%:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$ 290,193	\$ 267,738	\$ 247,979

For the year ended June 30, 2020, the School District recognized OPEB expense of \$36,767. At June 30, 2020 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	\$ (305,515)	\$ 150,795

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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:

2021	\$	(20,370)
2022		(20,370)
2023		(20,370)
2024		(20,370)
2025		(20,370)
Thereafter		(52,870)
	\$	<u>(154,720)</u>

NOTE 12 - 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	\$ 1,144,538
Special Education purposes	Law	228,699
Other Purposes		
Debt Service purposes	Debt Covenants	331,591
SDRS pension purposes	Law	<u>629,539</u>
Total Restricted Net Position		<u>\$ 2,334,367</u>

NOTE 13 - 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 109, Pierre, SD 57501-1098 or by calling (605) 773-3731.

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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.

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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, 2020, 2019, and 2018 were \$225,278, \$215,943, and \$225,221, 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, 2019, SDRS is 100.09% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2019 and reported by the School District as of June 30, 2020 are as follows:

Proportionate share of total pension liability	\$ 21,094,895
Less proportionate share of net position restricted for pension benefits	<u>21,112,833</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (17,938)</u></u>

At June 30 2020, the District reported an asset of \$17,938 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019 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, 2019, the School District's proportion was .16927100%, which is a decrease of .0112896% from its proportion measure as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized pension expense of \$523,849. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 70,364	\$ 8,119
Changes in assumption	619,535	253,979
Net difference between projected and actual earnings on pension plan investments	-	103,338
Changes in proportion and difference between the District contributions and proportionate share of contributions.	86,812	24,952
District contributions subsequent to the measurement date	225,278	-
Total	<u>\$ 1,001,989</u>	<u>\$ 390,388</u>

\$225,278 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, 2021. 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:

2021	\$ 406,956
2022	(37,797)
2023	(22,910)
2024	40,074
TOTAL	<u>\$ 386,323</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded by years of service, from 6.5% at entry to 3.0% after 25 years of service
Investment Rate of Return	6.5% net of plan investment expenses
Future COLAs	1.88%

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.

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The actuarial assumptions used in the June 30, 2019 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, 2019 (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%	4.70%
Fixed Income	30.00%	1.70%
Real Estate	10.00%	4.30%
Cash	2.00%	0.90%
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).

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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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 2,977,372	\$ (17,938)	\$ (2,458,575)

Pension Plan Fiduciary Net Position

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

NOTE 14 - SPECIAL TERMINATION BENEFITS

The School District maintains an early retirement program. Eligible employees at least 55 years of age with 15 years of service to the School District may elect early retirement benefits. The payment will be 20% of the current year's negotiated base salary until reaching the age of 62. For all employees beginning early retirement after July 1, 2008, benefits will be extended to age 65. As of June 30, 2020, the School was paying benefits to five qualified individuals.

NOTE 15 - 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, 2020 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, 2020, no claims were filed for unemployment benefits. At June 30, 2020, no claims had been filed or were outstanding for unemployment benefits and none are anticipated in the next fiscal year.

NOTE 16 - LITIGATION

At June 30, 2020, the School District was not involved in any litigation.

NOTE 17 - 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.

REQUIRED SUPPLEMENTARY INFORMATION

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 1,337,934	1,337,934	\$ 1,324,000	\$ (13,934)
1120	Prior years' ad valorem taxes	-	-	12,753	12,753
1130	Tax deed revenue	-	-	467	467
1140	Utility Tax	152,000	152,000	148,514	(3,486)
1190	Penalties and interest on taxes	6,000	6,000	4,069	(1,931)
1510	Earnings on investments and deposits	5,700	5,700	8,481	2,781
1700	Cocurricular activities				
1710	Admissions	24,000	24,000	25,339	1,339
1790	Other pupil activities	500	500	4,500	4,000
1900	Other revenue from local sources				
1920	Contributions and donations	-	-	7,252	7,252
1970	Charges for services	9,200	9,200	7,263	(1,937)
1990	Other	9,000	9,000	51,808	42,808
2000	Revenue from intermediate sources				
2100	County sources				
2110	County apportionment	56,000	56,000	23,668	(32,332)
3000	Revenue from state sources				
	Grants-in-aid				
3110	Unrestricted grants-in-aid	2,494,941	2,494,941	2,477,498	(17,443)
3120	Restricted grants-in-aid	-	-	6,876	6,876
3900	Other state revenue	-	-	72,411	72,411
4000	Revenue from federal sources				
	Grants-in-aid				
4120	Unrestricted grants-in-aid received from federal govt through the state	-	-	35	35
4140	Unrestricted grants-in-aid Received directly from federal government	48,000	48,000	49,472	1,472
4150- 4199	Restricted grants-in-aid received from federal government through the state	313,099	313,099	286,430	(26,669)
4400	Johnson O-Malley funds	7,400	7,400	10,569	3,169
4900	Other	-	-	16,774	16,774
	Total revenue	\$ 4,463,774	\$ 4,463,774	\$ 4,538,179	\$ 74,405

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final	Positive (Negative)		
EXPENDITURES					
1000	Instruction				
1100	Regular programs				
1111	Elementary	\$ 884,733	884,733	\$ 927,202	\$ (42,469)
1121	Middle/junior high	625,785	625,785	586,728	39,057
1131	High School	977,354	977,354	923,030	54,324
1190	Other regular programs	58,203	58,203	56,800	1,403
1200	Special programs				
1270	Educationally deprived	270,792	270,792	256,819	13,973
2000	Support services				
2100	Pupils				
2120	Guidance	112,319	112,319	110,557	1,762
2134	Health	3,500	3,500	3,144	356
2200	Support services-instructional staff				
2210	Improvement of instruction	29,807	29,807	5,217	24,590
2220	Educational media	172,774	172,774	169,350	3,424
2300	Support services-general administration:				
2310	Board of education	41,567	41,567	43,353	(1,786)
2321	Executive administration	156,107	156,107	165,929	(9,822)
	Support services-school administration				
2410	Office of the Principal	411,611	411,611	404,875	6,736
2490	Other	2,000	2,000	803	1,197
2500	Support services-business				
2529	Fiscal services	150,523	150,523	145,812	4,711
2540	Operation and maintenance of plant	702,469	702,469	724,507	(22,038)
2550	Pupil Transportation	40,639	40,639	20,199	20,440
2560	Food services	20,813	20,813	20,209	604
2620	Data Colletion	1,500	1,500	-	1,500
6000	Cocurricular activities				
6100	Male activities	72,180	72,180	68,509	3,671
6200	Female activities	44,021	44,021	39,522	4,499
6500	Transportation	40,611	40,611	36,303	4,308
6900	Combined activities	148,284	148,284	150,167	(1,883)
7000	Contingencies	15,000	15,000	-	15,000
Total Expenditures		\$ 4,982,592	\$ 4,982,592	\$ 4,859,035	\$ 123,557

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess revenue over/under expenditures	\$ (518,818)	\$ (518,818)	\$ (320,856)	\$ 197,962
Other financing sources/(uses)				
5110 Transfers in	561,551	561,551	322,774	(238,777)
8110 Transfers out	(42,733)	(42,733)	(17,946)	24,787
5130 Sale of surplus property	-	-	160	(160)
Total other financing uses	518,818	518,818	304,988	(214,150)
Net change in fund balances	-	-	(15,868)	(15,868)
Fund balance - beginning	1,710,260	1,710,260	1,710,260	-
Prior period adjustment				
Fund balance - ending	\$ 1,710,260	\$ 1,710,260	\$ 1,694,392	\$ (15,868)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 865,583	\$ 865,583	\$ 850,172	\$ (15,411)
1120	Prior years' ad valorem taxes	-	-	5,742	5,742
1190	Penalties and interest on taxes	-	-	2,043	2,043
Total revenue		865,583	865,583	857,957	(7,626)
EXPENDITURES:					
1000	Instruction				
1100	Regular programs				
1110	Elementary	32,000	32,000	32,680	(680)
1120	Middle/junior high	17,000	17,000	15,780	1,220
1130	High School	106,000	106,000	124,284	(18,284)
2000	Support services				
2200	Support services - instructional staff				
2220	Educational media	71,445	71,445	34,350	37,095
2400	Support Services - general administration				
2410	Board of education	-	-	400	(400)
2500	Support services - business				
2540	Operation and maintenance of plant	174,583	174,583	70,997	103,586
2560	Food service	-	-	650	(650)
Cocurricular Activities:					
6500	Transportation	215,000	215,000	181,000	
6900	Combined activities	25,000	25,000	26,020	(1,020)
Total expenditures		641,028	641,028	486,161	154,867
Excess of revenue over (under)					
expenditures/net change in fund balances		224,555	224,555	371,796	147,241
Other financing uses					
5110	Transfer out	(224,555)	(224,555)	(311,738)	(87,183)
Total other financing uses		(224,555)	(224,555)	(311,738)	(87,183)
Net change in fund balances		-	-	60,058	60,058
Fund balance - beginning		1,090,527	1,090,527	1,090,527	-
Fund balance - ending		\$ 1,090,527	\$ 1,090,527	\$ 1,150,585	\$ 60,058

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes		Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget
		Original	Final			Positive (Negative)
	REVENUES					
1000	Revenue from local sources					
1100	Taxes					
1110	Ad valorem taxes	\$ 471,905	\$ 471,905	\$ 539,980	\$ 68,075	
1120	Prior years' ad valorem taxes	-	-	3,518	3,518	
1190	Penalties and interest on taxes	-	-	1,189	1,189	
1920	Contributions and donations	-	-	859	859	
1940	Services provided other schools	-	-	30,531	30,531	
1970	Charges for services	-	-	1,104	1,104	
3000	Revenue from state sources					
	Grants-in-aid					
3120	Restricted grants-in-aid	251,296	251,296	250,314	(982)	
4000	Revenue from federal sources					
	Grants-in-aid					
4110	Unrestricted grants-in-aid received directly from the federal government	-	-	2,280	2,280	
4150	Restricted grants-in-aid received from federal government through the state	167,005	167,005	163,885	(3,120)	
	Total revenue	890,206	890,206	993,660	103,454	
	EXPENDITURES					
	Instruction					
1200	Special programs					
1220	Programs for special education	729,503	729,503	595,063	134,440	
2000	Support services					
2100	Pupils					
2140	Psychological	78,601	78,601	72,083	6,518	
2150	Speech pathology	135,818	135,818	119,812	16,006	
2170	Student therapy services	26,000	26,000	25,791	209	
2700	Support services - special education					
2710	Administrative costs	80,219	80,219	78,322	1,897	
2730	Transportation costs	2,500	2,500	261	2,239	
	Total expenditures	1,052,641	1,052,641	891,332	161,309	

(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, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of revenue over (under) expenditures/net change in fund balances	(162,435)	(162,435)	102,328	264,763
5110 Transfers in	162,435	162,435	4,200	(158,235)
Net change in fund balance	-	-	106,528	106,528
Fund balance - beginning	113,896	113,896	113,896	-
Fund balance -ending	\$ 113,896	\$ 113,896	\$ 220,424	\$ 106,528

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, 2020

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, 2020

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, 2020:

U.S. GAAP Basis Fund Balance	\$ 2,516,950
Subtract: portion comprised of excess Impact Aid funds	<u>(822,558)</u>
Budgetary Basis Fund Balance	<u>\$ 1,694,392</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

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.1692710%	0.1805606%	0.1918739%	0.1703682%	0.1734388%	0.1739760%
District's proportionate share of net pension liability (asset)	\$ (17,938)	\$ (4,211)	\$ (17,413)	\$ 575,487	\$ (735,604)	\$ (1,253,426)
District's covered-employee payroll	\$ 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	-0.50%	-0.11%	-0.45%	17.76%	-23.23%	-40.19%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.09%	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

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 225,278	\$ 215,943	\$ 225,221	\$ 233,909	\$ 194,373	\$ 189,990
Contributions in relation to the contractually required contribution	\$ 225,278	\$ 215,943	\$ 225,221	\$ 233,909	\$ 194,373	\$ 188,990
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 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%

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) AND SCHEDULE OF CONTRIBUTIONS

Changes of benefit terms:

No changes were made.

Changes of assumptions:

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal 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, 2018 and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018 and is 1.88% as of June 30, 2019.

The changes in actuarial assumptions decreased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 2.03% COLA, reflecting the current and assumed future restricted maximum COLA of 1.88%.

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.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

TOTAL OPEB LIABILITY

Service Cost	\$ 55,785
Interest on Total OPEB Liability	15,887
Effect of liability gains or losses	169,956
Effect of assumption changes or inputs	(321,293)
Benefit payments	<u>(14,535)</u>
Net change in total OPEB liability	(94,200)
Total OPEB liability, beginning	<u>361,938</u>
Total OPEB liability, ending	<u><u>\$ 267,738</u></u>

SUPPLEMENTARY INFORMATION

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	<u>Pension Fund</u>	<u>Bond Redemption Fund</u>	
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Taxes receivables - delinquent	-	-	-
Restricted cash	-	331,591	331,591
Total Assets	-	331,591	331,591
LIABILITIES, DEFERRED INFLOW OF RESOURCES & FUND BALANCES			
Liabilities:			
Contracts payable	-	-	-
Payroll deductions and withholdings	-	-	-
Total Liabilities	-	-	-
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances:			
Restricted for:			
Pension Purposes	-	-	-
Debt service purposes	-	331,591	331,591
Total Fund Balances	-	331,591	331,591
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 331,591	\$ 331,591

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Special Revenue Funds</u>		
	<u>Pension Fund</u>	<u>Bond Redemption Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Revenue from local sources			
Taxes			
Prior years' ad valorem taxes	\$ 81	\$ -	\$ 81
Penalties and interest on taxes	41	-	41
Earnings on investments and deposits	-	1,858	1,858
Total Revenues	<u>\$ 122</u>	<u>\$ 1,858</u>	<u>\$ 1,980</u>
EXPENDITURES			
Instruction			
Early retirement payments	41,264	-	41,264
Debt services	-	43,300	43,300
Total expenditures	<u>41,264</u>	<u>43,300</u>	<u>84,564</u>
Excess of revenue over (under) expenditures	(41,142)	(41,442)	(82,584)
Other financing sources (uses)			
Transfer in	12,121	86,600	98,721
Transfer out	<u>(14,636)</u>	<u>-</u>	<u>(14,636)</u>
Net change in fund balances	(43,657)	45,158	1,501
Fund balance - Beginning	43,657	286,433	330,090
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 331,591</u>	<u>\$ 331,591</u>

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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	32,737
Cash Assistance			
School breakfast program (Note 3,4)	10.553	NSLP-17-204	72,848
National School Lunch Program (Note 3,4)	10.555	NSLP-17-204	174,256
Total child nutrition cluster			\$ 279,841
Other Programs			
Fresh Fruit & Vegetable Program	10.582	N/A	19,017
Total U.S. Department of Agriculture			298,858
U.S. DEPARTMENT OF THE INTERIOR			
Direct federal funding			
Indian education - assistance to schools -			
Johnson-O-Malley (Note 3)	15.130	N/A	10,569
Payment in Lieu of Taxes	15.226	N/A	34
Total U.S. Department of the Interior			10,603
U.S DEPARTMENT OF EDUCATION			
Direct federal funding			
Impact Aid (Title VIII of ESEA) (Note 4)	84.041	N/A	167,177
Indian education - grants to local educational agencies	84.060	N/A	49,472
Pass-through the SD Department of Education			
Title I grants to local educational agencies	84.010	T1ba-17-098	183,028
Special Education Cluster:			
Special Education - Grants to States - Flow Through	84.027	17-611-058	157,080
Special Education - Preschool Grants	84.173	17-619-052	6,805
Total Special Education Cluster			163,885
Improving Teach Quality State Grants (Title II Part A)	84.367	17-T2A-098	50,051

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MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
Career and Technical Education - Basic Grants to the States	84.048	N/A	9,984
Student Support and Academic Enrichment Program	84.424	N/A	24,349
Total U.S. Department of Education			647,946
Total Expenditures			\$ 957,407

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, 2020. 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 represents only a selected portion of the operations 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.