



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

May 2, 2023

Mrs. Kim Schneider, Business Manager
Mobridge-Pollock School District
1107 1st Ave E
Mobridge, SD 57601

Dear Ms. Schneider:

Please find enclosed a draft copy of the Mobridge-Pollock School District No. 62-6 Financial Statements with Independent Auditors' Report for the Year Then Ended June 30, 2022.

If you have any questions regarding this document, please feel free to contact our office.

Sincerely,

Jason W. Bauer, CPA, PFS, CGMA

JWB/TW

Enclosures:

1. Draft Copy of Financials Statements with Independent Auditors' Report June 30, 2022

Jason W. Bauer, CPA, CGMA, PFS • bauer@cahillbauer.com

P.O. Box 669 • Mobridge, SD 57601-0669 • Fax (605) 845-2517 • Phone (605) 845-2927 • Toll Free 1-800-244-8436

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2022

DRAFT

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

	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	1
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	2 - 4
Summary Schedule of Prior Audit Findings	5 - 6
Schedule of Findings and Questioned Costs	7 - 11
Corrective Action Plan (Unaudited)	12
Independent Auditors' Report	13 - 15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Governmental Funds	
Balance Sheet	16
Reconciliation of Governmental Funds	17
Balance Sheet to the Statement of Net Position	18 - 21
Statement of Revenues, Expenditures and Changes in Fund Balance	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities	22
Proprietary Funds	
Statement of Net Position	23
Statement of Revenues, Expenses and Changes in Fund Net Position	24
Statement of Cash Flows	25
Fiduciary Funds	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to the Financial Statements	28 - 48

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

	<u>Page</u>
Required Supplementary Information - Budgetary Comparison Schedules	
Budgetary Comparison Schedule - General Fund - Budgetary Basis	49 - 51
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis	52
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis	53 - 54
Notes to the Required Supplementary Information - Budgetary Comparison Schedules	55 - 56
Required Supplementary Information - Pension Schedules	
Schedule of the District's Proportionate Share of the Pension Asset	57
Schedule of the District's Contributions	58
Notes to Required Supplementary Information - Pension Schedule	59
Supplementary Information	
Schedule of Expenditures of Federal Awards	60 - 61

DRAFT

**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**

Independent Auditor's Report

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, 2022, and for the year then ended which collectively comprise the School District's basic financial statements and have issued our report thereon April 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting (internal control) as a basis for designing 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 School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of control deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings, items 2022-001, 2022-002, 2022-003, 2022-004, and 2022-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit. The School District's response to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

DRAFT

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.

Mobridge, South Dakota
April 27, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on 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, 2022. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Mobridge-Pollock School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

1. exercise professional judgment and maintain professional skepticism throughout the audit.
2. identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
3. obtain an understanding of School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance.

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Mobridge, South Dakota
April 27, 2023

DRAFT

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
AS OF JUNE 30, 2022 AND FOR THE YEAR THEN ENDED**

PRIOR FEDERAL AUDIT FINDINGS

Finding Number 2021-001:

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

Views of Responsible officials and Planned Correct Action Plan:

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

PRIOR OTHER AUDIT FINDINGS

Finding Number 2021-002:

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

Current Status

Ongoing: Condition still exists, see current audit finding number 2022-002. The reason for recurrence is due to cost considerations, the School District has determined it is not practical to employ additional staff to adequately segregate duties. The School District will implement compensating controls where practical.

Finding Number 2021-003:

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

Current Status

Ongoing: Condition still exists, see current audit finding number 2022-003. The reason for recurrence is due to cost considerations, the School District accepts the risks associated with the auditors preparing the financial statements. The School District will implement compensating controls where practical.

Finding Number 2021-004:

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

Current Status

Ongoing: Condition still exists, see current audit finding number 2022-004. The reason for recurrence is due to cost considerations, the School District has determined it is not practical to employ additional staff to implement an internal control structure adequate to identify all material adjustments. The School District will implement compensating controls where practical.

Finding Number 2021-005:

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

Current Status

This finding has been corrected.

DRAFT

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

SECTION 1 - SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

Financial Statements

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties as discussed in finding number 2022-002. A material weakness was disclosed by our audit of the financial statements for the preparation of the financial statements by the auditor as discussed in finding number 2022-003. A material weakness was disclosed by our audit of the financial statements for proposing material adjustments as discussed in finding number 2022-004. A material weakness was disclosed for an organization's lack of internal control structure to publish a complete list of the officers and employee's salaries in accordance with SDCL 6-1-10 as discussed in finding number 2022-005.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. A material weakness was disclosed for a lack of internal controls over the School District's federal awards for the following compliance requirements: procurement, suspension, and debarment as discussed in finding number 2022-001.
- e. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- f. Our audit did not disclose any audit findings that need to be disclosed in accordance with the 2 CFR 200.516(a).
- g. The federal awards tested as major programs were:
 - a. Elementary and Secondary School Emergency Relief Fund 21.019
 - b. National School Lunch Program
 - i. School Breakfast 10.553
 - ii. School Lunch 10.555
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- i. Mobridge-Pollock School District No 62-6 did not qualify as a low-risk auditee.

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

INTERNAL CONTROL-RELATED FINDINGS - MATERIAL WEAKNESSES

FINDING 2022-001

Major Federal Program

The major federal program affected is the US Department of Agriculture National School Lunch Program (CFDA 10.553 and 10.555) for the 2022 federal award year.

Criteria

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

Condition Found

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

Cause

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

Effect

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

Questioned Cost

None reported.

Recommendation

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

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION III - FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROL-RELATED FINDINGS - MATERIAL WEAKNESSES

FINDING 2022-002

Criteria

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

Condition Found

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

Cause and Effect

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

Identification of Repeat Finding

This finding has been a repeat finding for several years.

Recommendation

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

Views of responsible officials and corrective actions

See the School District's corrective action plan.

FINDING 2022-003

Criteria

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

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Condition Found

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

Cause and Effect

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

Identification of Repeat Finding

This finding has been a repeat finding for several years.

Recommendation

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

Views of responsible officials and corrective actions

See the School District's corrective action plan.

FINDING 2022-004

Criteria

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

Condition Found

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

Cause and Effect

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

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Identification of Repeat Finding

This finding has been a repeat finding for several years.

Recommendation

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

FINDING 2022-005

Criteria

An organization's internal structure should ensure that a complete list of all the officers and employees' salaries are published with the proceedings of the first meeting of the year or within 30 days thereafter, or in the minutes of the first meeting following the completion of salary negotiations.

Condition Found

The School District's internal control system did not ensure that a complete list of all the officers and employees' salaries are published with the proceedings of the first meeting of the year or within 30 days thereafter, or in the minutes of the first meeting following the completion of salary negotiations in accordance with SDCL 6-1-10.

Cause and Effect

The public is not given the opportunity to review a complete list of all the officers and employees' salaries for the fiscal year.

Recommendation

It is the responsibility of management and those charged with governance to make sure the list of officers and employees' salaries is made available each year.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

Mobridge-Pollock School District No. 62-6

1107 1st Ave East – Mobridge, SD 57601
Phone # 605-845-9200 Fax # 605-845-3455



Finding Number 2022-001: Material weakness due to a lack of internal control structure to comply with the following federal award compliance requirements: procurement, suspension, and debarment.

Views of Responsible officials and Planned Correct Action Plan:

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

Finding Number 2022-002: Material weakness in internal controls due to a lack of segregation of duties.

Views of Responsible officials and Planned Correct Action Plan:

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

Finding Number 2022-003: Material weakness due to a lack of internal control structure to enable for the preparation of the financial statements and related notes.

Views of Responsible officials and Planned Correct Action Plan:

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

Finding Number 2022-004: Material weakness due to a lack of internal control structure to provide recording of all necessary material adjustments in order to ensure that accounting records are in accordance with GAAP.

Views of Responsible officials and Planned Correct Action Plan:

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

Finding Number 2022-005: Material weakness due to the lack of internal control structure to ensure that a complete list of all the officers and employees' salaries are published with the proceedings of the first meeting of the year or within 30 days thereafter, or in the minutes of the first meeting following the completion of salary

Views of Responsible officials and Planned Correct Action Plan:

The Mobridge-Pollock School District Business Manager, Kim Schneider, is the contact person at this entity responsible for the corrective action plan for this finding. The School District will ensure that future officers and employees' salaries will be published in accordance with SDCL 6-1-10.

Business Manager

Superintendent

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mobridge-Pollock School District 62-6, as of June 30, 2022 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mobridge-Pollock School District 62-6 as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

1. exercise professional judgment and maintain professional skepticism throughout the audit.
2. identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
3. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
4. evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
5. conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the School District Contributions, and the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 27, 2023 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.

Mobridge, South Dakota
April 27, 2023

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
 STATEMENT OF NET POSITION
 JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,157,126	\$ 184,996	\$ 4,342,122
Taxes receivable	1,380,743	-	1,380,743
Other assets	263,191	20,735	283,926
Inventories	-	20,710	20,710
Restricted cash and cash equivalents	420,598	-	420,598
Net pension asset	1,232,856	44,294	1,277,150
Capital assets			
Land	117,377	-	117,377
Other capital assets, net of depreciation	17,174,327	23,123	17,197,450
TOTAL ASSETS	\$ 24,746,218	\$ 293,858	\$ 25,040,076
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,714,342	62,534	1,776,876
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,714,342	\$ 62,534	\$ 1,776,876

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	\$ 104,993	\$ 2,735	\$ 107,728
Other current liabilities	515,460	1,676	517,136
Unearned revenue	-	31,133	31,133
Noncurrent liabilities:			
Due within one year	48,971	-	48,971
Due in more than one year	1,034,546	-	1,034,546
TOTAL LIABILITIES	\$ 1,703,970	\$ 35,544	\$ 1,739,514
Pension related deferred inflows	2,388,641	85,791	2,469,432
Taxes levied for future period	1,155,948	-	1,155,948
TOTAL DEFERRED INFLOWS OF RESOURCE	\$ 3,539,589	\$ 85,791	\$ 3,625,380
NET POSITION			
Net investment in capital assets	16,425,704	23,123	16,448,827
Restricted for			
Capital outlay purposes	1,049,304	-	1,049,304
Special education purposes	266,470	-	266,470
Debt service purposes	331,591	-	331,591
SDRS pension purposes	563,557	21,037	584,594
Unrestricted	2,580,375	190,897	2,771,272
TOTAL NET POSITION	\$ 21,217,001	\$ 235,057	\$ 21,452,058

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
Instruction	\$ 3,324,306	\$ -	\$ 66,661	\$ -	\$ (2,617,645)	\$ -	\$ (2,617,645)
Support services	2,534,107	-	42,800	10,000	(2,481,307)	-	(2,481,307)
Nonprogrammed charges	202,891	15,504	-	-	(187,387)	-	(187,387)
Interest on long-term debt	43,300	-	-	-	(43,300)	-	(43,300)
Cocurricular activities	445,302	22,058	-	-	(423,244)	-	(423,244)
Total governmental activities	6,549,906	37,562	749,461	10,000	(5,752,883)	-	(5,752,883)
Business-type activities							
Food service	496,325	42,627	521,773	-	-	68,075	68,075
Total primary government	\$ 7,046,231	\$ 80,189	\$ 1,271,234	\$ 10,000	\$ (5,752,883)	\$ 68,075	\$ (5,684,808)
General Revenues							
Taxes							
Property taxes					2,932,316	-	2,932,316
Gross receipts taxes					121,072	-	121,072
Revenue from state sources							
State aid					2,621,049	-	2,621,049
Revenue from federal sources					186,948	-	186,948
Unrestricted investment earnings					2,277	-	2,277
Other general revenues					199,233	-	199,233
Total general revenues					6,062,895	-	6,062,895
Change in net position					310,012	68,075	378,087
Net position - beginning					20,730,032	166,982	20,897,014
Implementation of new standard and restatement (Note 18)					176,957	-	176,957
Net position - ending					\$ 21,217,001	\$ 235,057	\$ 21,452,058

- 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, 2022

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund		
ASSETS						
Cash and cash equivalents	\$ 2,924,432	\$ 991,688	\$ 241,006	\$ -	\$ -	4,157,126
Prepaid expenses	-	10,098	-	-	-	10,098
Taxes receivables - current	629,506	418,206	262,341	-	-	1,310,053
Taxes receivables - delinquent	32,993	22,973	14,724	-	-	70,690
Due from other funds	34,825	-	-	-	-	34,825
Due from state government	114,495	-	-	-	-	114,495
Due from federal governments	63,123	-	40,650	-	-	103,773
Restricted cash and cash equivalents	-	-	-	420,598	-	420,598
TOTAL ASSETS	\$ 3,799,374	\$ 1,442,965	\$ 558,721	\$ 420,598	\$ -	6,221,658
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 94,589	\$ 9,893	\$ 511	\$ -	\$ -	104,993
Contracts payable	395,158	-	50,515	-	-	445,673
Payroll deductions and withholdings and employer matching payable	59,648	-	6,824	-	-	66,472
Total Liabilities	\$ 552,710	\$ 9,893	\$ 57,850	\$ -	\$ -	620,453
Deferred Inflows of Resources						
Unavailable Revenue - Property Tax	30,371	21,678	13,908	-	-	65,957
Taxes levied for future period	545,766	374,965	235,217	-	-	1,155,948
Total Deferred Inflows of Resources	\$ 576,137	\$ 396,643	\$ 249,125	\$ -	\$ -	1,221,905
Fund balances						
Nonspendable	-	-	-	-	-	-
Prepaids	-	10,098	-	-	-	10,098
Restricted	-	-	-	-	-	-
Capital outlay purposes	-	1,026,331	-	-	-	1,026,331
Special education purposes	-	-	251,746	-	-	251,746
Debt service purposes	-	-	-	420,598	-	420,598
Assigned	-	-	-	-	-	-
Unemployment	1,427	-	-	-	-	1,427
Unassigned	2,669,100	-	-	-	-	2,669,100
Total fund balance	\$ 2,670,527	\$ 1,036,429	\$ 251,746	\$ 420,598	\$ -	4,379,300
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,799,374	\$ 1,442,965	\$ 558,721	\$ 420,598	\$ -	6,221,658

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, 2022

Total fund balances - governmental funds	\$	4,379,300
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.		17,291,704
Net pension asset reported in governmental activities is not an available financial resource and therefor is not reported in the funds.		1,232,856
Pension deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		1,714,342
Pension deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(2,383,641)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Early retirement benefits	\$96,365	
Lease liability	\$121,152	
Qualified Zone Academy Bonds payable	\$866,000	(1,083,517)
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.		65,957
Net position- governmental funds	\$	<u>21,217,001</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, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	
REVENUES					
Revenue from local sources					
Taxes					
Ad valorem taxes	\$ 1,350,817	\$ 918,791	\$ 588,317	\$ -	\$ 2,857,925
Prior years' ad valorem taxes	23,363	10,917	6,867	-	41,147
Tax deed revenue	14,493	-	-	-	14,493
Utility taxes	121,072	-	-	-	121,072
Penalties and interest on taxes	6,468	3,271	2,006	-	11,745
Earnings on investments and deposits	1,059	-	-	1,218	2,277
Cocurricular activities					
Admissions	21,583	-	-	-	21,583
Other pupil activity income	475	-	-	-	475
Other revenue from local sources					
Contributions and donations	10,997	-	-	-	10,997
Charges for services	13,458	-	2,046	-	15,504
Other	94,798	-	6,130	-	100,928
Revenue from intermediate sources					
County sources					
County appointment	53,581	-	-	-	53,581
Revenue from state sources					
Grants-in-aid					
Unrestricted grants-in-aid	2,621,049	-	-	-	2,621,049
Restricted grants-in-aid	18,041	-	21,575	-	39,616

(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, 2022

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund		
Revenue from federal sources						
Grants-in-aid						
Unrestricted grants-in-aid						
Received directly from						
the federal government	\$ 173,034	\$ -	\$ 5,977	\$ -	\$ -	\$ 179,011
Unrestricted grants-in-aid						
Received from federal government						
through the state	24					24
Restricted grants-in-aid						
Received directly from						
the federal government	47,685					47,685
Restricted grants-in-aid						
Received from federal government through						
the state	478,759	10,000	183,401			672,160
Johnson O'Malley funds	7,913					7,913
Other federal revenues	33,727					33,727
Total Revenues	5,092,396	942,979	816,319	1,218		6,852,912
EXPENDITURES						
Instruction						
Regular programs						
Elementary	1,195,477	30,291				1,225,768
Middle/junior high	560,575	11,980				572,555
High school	935,384	40,631				976,015
Other regular programs	75,404					75,404
Special programs						
Programs for special education			665,740			665,740
Educationally deprived	280,115					280,115

(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, 2022**

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	
Support services	\$ 113,008	\$ -	\$ -	\$ -	\$ 113,008
Pupils	3,846	-	-	-	3,846
Guidance	-	-	-	-	-
Health	-	-	46,580	-	46,580
Psychological	-	-	121,044	-	121,044
Speech pathology	-	-	31,854	-	31,854
Student therapy services	-	-	-	-	-
Support services - instructional staff	19,933	-	-	-	19,933
Improvement of instruction	259,785	6,408	-	-	266,193
Educational media	-	-	-	-	-
Support services - general administration	51,566	400	-	-	51,966
Board of education	172,771	-	-	-	172,771
Executive administration	-	-	-	-	-
Support services - school administration:	413,435	-	-	-	413,435
Office of the principal	1,185	-	-	-	1,185
Other	-	-	-	-	-
Support services - business	151,106	-	-	-	151,106
Fiscal services	870,479	-	-	-	870,479
Operation and maintenance of plant	93,605	15,993	-	-	109,598
Pupil transportation	38,917	-	-	-	38,917
Food services	-	5,223	-	-	5,223
Support services - central	4,147	-	-	-	4,147
Planning	-	-	-	-	-
Support services - special education	-	-	84,546	-	84,546
Administrative costs	-	-	509	-	509
Transportation	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Early retirement payments	35,255	-	-	-	35,255

(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, 2022

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund		
Cocurricular activities						
Male activities	\$ 73,697	\$ -	-	-	\$ -	\$ 73,697
Female activities	46,594	-	-	-	-	46,594
Transportation	65,574	-	-	-	-	65,574
Combined activities	174,827	12,614	-	-	-	187,441
Debt services	-	-	-	-	-	43,300
Capital outlay	-	1,014,556	-	43,300	-	1,014,556
Total expenditures	5,636,685	1,138,096	950,273	43,300	-	7,768,354
Excess of revenue over (under) expenditures	(544,289)	(495,117)	(133,954)	(42,082)	-	(915,442)
Other financing sources (uses)						
Transfer in	416,163	-	-	-	-	416,163
Transfer out	(83,000)	-	-	-	-	(83,000)
Net other financing sources (uses)	333,163	(419,763)	-	86,600	-	502,763
Net change in fund balances	(211,126)	(419,763)	-	86,600	-	(502,763)
Fund balance - beginning		(614,880)	(133,954)	44,518	-	(915,442)
Implementation of new standard and restatement (Note 18)	2,703,705	1,651,309	385,700	376,080	-	5,116,794
Fund Balance - Ending	177,948	-	-	-	-	177,948
	\$ 2,670,527	\$ 1,036,429	\$ 251,746	\$ 420,598	\$ -	\$ 4,379,300

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, 2022

Net change in fund balances - total governmental funds	\$	(915,442)
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 capital outlay exceeds depreciation/amortization in the current period.		747,048
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(202,891)
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".		7,006
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.		35,255
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)		308,704
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.		426,424
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		25,060
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.		(121,152)
Change in net position of governmental activities	\$	<u>310,012</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 NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2022

	Enterprise Funds Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 184,996
Accounts receivable	10,973
Due from other government	9,762
Inventory of supplies	5,771
Inventory of stores purchased for resale	12,557
Inventory of donated food	2,382
Total current assets	<u>226,441</u>
Noncurrent assets	
Pension asset	44,294
Capital assets	184,908
Machinery and equipment	(161,785)
Less accumulated depreciation	<u>67,417</u>
Total noncurrent assets	<u>293,858</u>
TOTAL ASSETS	
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows of resources	62,534
DEFERRED OUTFLOWS OF RESOURCES	<u>62,534</u>
LIABILITIES	
Current liabilities	
Accounts payable	2,735
Contracts payable	1,491
Payroll deductions and withholdings and employer matching payable	185
Unearned revenue	31,133
TOTAL LIABILITIES	<u>35,544</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows of resources	85,791
DEFERRED INFLOWS OF RESOURCES	<u>85,791</u>
NET POSITION	
Invested in capital assets	23,123
Restricted for SDRS purposes	21,037
Unrestricted net position	190,897
TOTAL NET POSITION	<u>\$ 235,057</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, 2022

	Enterprise Funds Food Service Fund
OPERATING REVENUE	
Sales	
Students	\$ 30,118
Adult	9,824
Other charges for goods and services	2,685
Total operating revenue	<u>42,627</u>
OPERATING EXPENSES	
Food Service	
Salaries	185,430
Employee benefits	51,841
Purchased services	17,854
Supplies	7,034
Cost of sales - purchased food	184,200
Cost of sales - donated food	44,434
Miscellaneous	2,224
Depreciation	3,308
Total Operating Expenses	<u>496,325</u>
Operating Loss	<u>(453,698)</u>
NONOPERATING REVENUES (EXPENSES)	
State sources	
Cash reimbursements	1,178
Federal sources	
Cash reimbursements	483,273
Donated food	37,322
Total nonoperating revenues	<u>521,773</u>
CHANGE IN NET POSITION	68,075
NET POSITION - BEGINNING	<u>166,982</u>
NET POSITION - ENDING	<u>\$ 235,057</u>

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

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 56,303
Payments to suppliers	(214,004)
Payments to employees	(254,494)
Net cash used by operating activities	<u>(412,195)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash reimbursements - state sources	1,178
Cash reimbursements - federal sources	483,206
Net cash flows from noncapital financing activities	<u>484,384</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	72,189
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>112,807</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 184,996</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (453,698)
Adjustments to reconcile operating loss to net cash used by operating activities	
Value of commodities used	44,434
Depreciation expense	3,308
Change in assets and liabilities	
Accounts receivable	3,581
Inventories	(2,388)
Accounts and other payables	(304)
Contracts and benefits payable	(7,411)
Unearned revenue	10,095
Pension deferred outflows/inflows	<u>(9,812)</u>
Net cash used by operating activities	<u>\$ (412,195)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Value of commodities received	<u>\$ 37,322</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 FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 4,361	\$ 84,614
Investments	31,850	-
Total assets	36,211	87,929
LIABILITIES		
Amounts held for others	-	34,825
Total liabilities	-	34,825
NET POSITION		
Restricted for student activities	-	53,104
Restricted for scholarships	36,211	-
TOTAL NET POSITION	<u>\$ 36,211</u>	<u>\$ 53,104</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 CHANGE IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Contributions and donations	\$ 1,000	\$ -
Collections for student activities	-	58,587
Earnings on investments and deposits	1	-
TOTAL ADDITIONS	1,001	58,587
DEDUCTIONS:		
Payments for student activities	-	70,137
Trust deductions for scholarships	1,250	-
TOTAL DEDUCTIONS	1,250	70,137
CHANGE IN NET POSITION	(249)	(11,550)
NET POSITION - BEGINNING	36,460	64,654
NET POSITION - ENDING	\$ 36,211	\$ 53,104

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

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(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.

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.

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.

Custodial Funds - Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. The School District maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and so on.

c. Measurement Focus and Basis of Accounting

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

Government-wide Financial Statements

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type, are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2022 are reimbursements for federal program expenditures, state reimbursements, and utility taxes.

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

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

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

d. Interfund Eliminations and Reclassifications

Government-wide Financial Statements

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns.

e. Deposits and Investments

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investments authorized by South Dakota Codified Law (SDCL) 4-5-6.

f. Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

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

Government-Wide Statements

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

The total June 30, 2022 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, 2022 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/amortization 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/amortization 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
Intangible lease assets	\$ 5,000	Straight-line	Various

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

g. Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of a Qualified Zone Academy Bond issue, lease liability, 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. Leases

Lessee:

The School District is a lessee for a noncancellable lease of seven copy machines. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses the treasury yield that corresponds to the length of the lease contract.

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

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

DRAFT

i. Program Revenues

In the Government-Wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the 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.

j. Deferred Inflows and Deferred Outflows of Resources

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

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

k. 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.

l. 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

m. Equity Classifications

Government-wide Statements

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

1. Net Invested in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other net assets that do not meet the definition of "restricted" or "net invested in capital assets."

Fund Financial Statements

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

n. 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.

o. Fund Balance Classification Policies and Procedures

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

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board, Superintendent or Business Manager.
- Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

p. Pension

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

NOTE 2 - IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2022, the School District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Lease Accounting standard. The implementation of this standard required that the School District present a Statement of Changes in Net Position for Government Activities for 2022. The effect of the implementation of this standard on beginning net position is disclosed in Note 18.

NOTE 3 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The School District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments - In general, SDCL 4-5-6 permits school district funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above, or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of June 30, 2022, the School District's investments reported in the financial statements consist of only certificates of deposit.

Interest Rate Risk - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer. The School District does not have a deposit policy for custodial risk. As of June 30, 2022, 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 General Fund.

NOTE 4 - RESTRICTED CASH AND INVESTMENTS

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

<u>Amount</u>	<u>Purpose</u>
\$ 420,598	Debt Service
<u>\$ 420,598</u>	

NOTE 5 - RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. No allowances for estimated uncollectibles have been determined to be necessary.

NOTE 6 - INVENTORY

Inventory for consumption is stated at cost. Inventory for resale is stated at the lower of cost or market. The cost valuation method is consumption method. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the government-wide financial statements, and in the enterprise fund financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

No material inventories were on hand as of June 30, 2022, in the government funds.

NOTE 7 - PROPERTY TAXES

Property taxes are levied on or before October 1, attach as an enforceable lien on property as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period".

NOTE 8 - CHANGES IN CAPITAL ASSETS

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

	Balance 07/01/2021	Increases	Decreases	Balance 06/30/2022
Primary Government				
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	\$ 117,377	\$ -	\$ -	\$ 117,377
Total capital assets, being depreciated/amortized	117,377	-	-	117,377
Capital assets, being depreciated				
Improvements	909,611	897,266	(349,044)	1,457,833
Buildings	17,888,443	-	-	17,888,443
Machinery and equipment	2,108,507	117,290	(178,707)	2,047,090
Intangible lease assets	126,363	121,152	(126,363)	121,152
Total capital assets, being depreciated/amortized	21,032,924	1,135,708	(654,114)	21,514,518
Less accumulated depreciation/amortization for				
Improvements	419,065	40,259	(148,775)	310,549
Buildings	2,722,836	217,133	-	2,939,969
Machinery and equipment	1,158,559	107,199	(176,085)	1,089,673
Intangible lease assets	102,294	24,069	(126,363)	-
Total accumulated depreciation/amortization	4,402,754	388,660	(451,223)	4,340,191
Total capital assets, being depreciated/amortized, net	16,630,170	747,048	(202,891)	17,174,327
Governmental activity capital assets, net	\$ 16,747,547	\$ 747,048	\$ (202,891)	\$ 17,291,704

Depreciation/amortization expense was charged to functions as follows:

Governmental activities	
Instruction	\$ 163,669
Support services	144,628
Co-curricular activities	80,363
Total depreciation/amortization expense - governmental activities	\$ 388,660

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

	Balance 07/01/2021	Increases	Decreases	Balance 06/30/2022
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 184,908	\$ -	\$ -	\$ 184,908
Less accumulated depreciation for Machinery and equipment	\$ 158,477	3,308	-	161,785
Total capital assets, being depreciated, net	\$ 26,431	\$ (3,308)	\$ -	\$ 23,123

Depreciation expense was charged to functions as follows:

Business-type activities	
Food Services	\$ 3,308

NOTE 9 - LONG-TERM LIABILITIES

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

	Balance 07/01/2021	Additions	Deletions	Balance 6/30/2022	Due Within One Year
Primary government					
Governmental Activities:					
Qualified Zone	\$ 866,000	\$ -	\$ -	\$ 866,000	\$ -
Lease liability	25,060	121,152	25,060	121,152	23,092
Early retirement benefits payable	131,620	-	35,255	96,365	25,879
Total governmental activities	\$ 1,022,680	\$ 121,152	\$ 60,315	\$ 1,083,517	\$ 48,971

Liabilities payable at June 30, 2022 are comprised of the following:

Qualified Zone Academy Bonds Payable:	
Payable from the Debt Service Fund	866,000
Lease Liability:	
Payable from the Capital Outlay Fund	121,152
Early Retirement Payable: Payable from the General Fund	96,365
	<u>\$ 1,083,517</u>

(Continued on next page)

Annual Requirements to Maturity for Long-Term Debt

Year Ended June 30	Early Retirement	QZAB	Lease Liability
2023	25,879	-	23,092
2024	17,985	-	23,469
2025	17,267	-	24,152
2026	17,267	-	24,858
2027	17,967	-	25,581
2028-2032	-	-	-
2033-2038	-	866,000	-
Totals	\$ 96,365	\$ 866,000	\$ 121,152

The amounts for Early Retirement payable are calculated based upon undiscounted cash flows at 20% of the current base salary. Early Retirement Benefits payable for governmental activities typically have been liquidated from the general fund.

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.

NOTE 10 - INDIVIDUAL FUND INTERFUND TRANSACTIONS

There following interfund transfers were made for the year ended June 30, 2022.

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
General Fund	\$ 333,163	\$ -	\$ 333,163
Capital Outlay Fund	\$ -	\$ (419,763)	\$ (419,763)
Debt Service	86,600	-	86,600
Total	\$ 419,763	\$ (419,763)	\$ -

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

The School District joined the South Dakota Health Benefits Fund and no longer offered health insurance benefits to retirees as of July 1, 2021. The School District no longer has an Other Post Employment Benefit obligation to employees and the liability no longer exists as of July 1, 2021.

Changes in the Total OPEB Liability:

Beginning of Year Balances	\$ 314,352
Effect of Assumptions Changes or Inputs	(314,352)
Net OPEB Obligation (Asset) - End of year	<u>\$ -</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	\$ 1,049,304
Special Education purposes	Law	266,470
Other Purposes		
Debt Service purposes	Debt Covenants	331,591
SDRS pension purposes	Law	<u>563,557</u>
Total Restricted Net Position		<u>\$ 2,210,922</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 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

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

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

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

Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.

If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:

The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.

If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:

The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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, 2022, 2021, and 2020 were \$238,204, \$227,069, and \$225,277, 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, 2021, SDRS is 105.52% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System for the School District as of June 30, 2022 are as follows:

Proportionate share of total pension liability	\$ 23,124,529
Less proportionate share of net position restricted for pension benefits	<u>24,401,679</u>
Proportionate share of net pension liability (asset)	<u>\$ (1,277,150)</u>

At June 30 2022, the District reported an asset of \$1,277,150 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021 and the total pension asset used to calculate the net pension asset was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the School District's proportion was .16676700%, which is a decrease of .0043100% from its proportion measure as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized reduction of pension expense of \$318,517. At June 30, 2022 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 45,853	\$ 3,349
Changes in assumption	1,468,709	639,578
Net difference between projected and actual earnings on pension plan investments	-	1,824,434
Changes in proportion and difference between the District contributions and proportionate share of contributions.	24,110	2,071
District contributions subsequent to the measurement date	238,204	-
Total	\$ 1,776,876	\$ 2,469,432

\$238,204 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:

2023	\$ (217,145)
2024	(155,281)
2025	(45,075)
2026	(513,259)
TOTAL	\$ (930,760)

Actuarial Assumptions:

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

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

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

(Continued on next page)

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	0.9%
Total	100.00%	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	\$ 2,068,023	\$ (1,277,150)	\$ (3,992,652)

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 maintained an early retirement program which ended on June 30, 2021. Employees are no longer offered early retirement; however, as of June 30, 2022, the School was paying benefits to three qualified individuals. The payments will end on June 30, 2027.

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, 2022 the School District managed its risks as follows:

Employee Health Insurance

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The school district pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members.

The School District does not carry additional health insurance coverage to pay claims in excess of this upper limit. 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.

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, 2022, no claims were filed for unemployment benefits. At June 30, 2022, 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, 2022, 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.

NOTE 18 - IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT

As of June 30, 2022 the School District implemented GASB Statement No. 87 Lease accounting. The School District received county apportionment revenue in FY2022 that was for prior period. The Walworth County Treasurer's Office incorrectly allocated revenues to the Selby School District in previous years. The School District restated the net position to appropriately reflect the July 1, 2021 balance as follows:

Net Position at June 30, 2021, as previously stated	\$ 20,730,032
Restatement - Walworth County Treasurer Error	177,948
Restatement - Implementation of GASB 87	(991)
Net Position at July 1, 2021, as restated	<u>20,906,989</u>
General Fund Balance at June 30, 2021, as previously stated	\$ 2,703,705
Restatement - Walworth County Treasurer Error	177,948
General Fund Balance at July 1, 2021, as restated	<u>2,881,653</u>

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

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				
1120	Prior years' ad valorem taxes	\$ 1,351,813	1,351,813	\$ 1,350,817	\$ (996)
1130	Tax deed revenue	-	-	23,363	23,363
1140	Utility Tax	-	-	14,493	14,493
1190	Penalties and interest on taxes	148,514	148,514	121,072	(27,442)
		6,000	6,000	6,468	468
1510	Earnings on investments and deposits	7,000	7,000	1,059	(5,941)
1700	Cocurricular activities				
1710	Admissions	25,000	25,000	21,583	(3,417)
1790	Other pupil activities	500	500	475	(25)
1900	Other revenue from local sources				
1920	Contributions and donations				
1970	Charges for services	9,200	9,200	10,997	10,997
1990	Other	62,000	62,000	13,458	4,258
				94,798	32,798
2000	Revenue from intermediate sources				
2100	County sources				
2110	County apportionment	23,668	23,668	53,581	29,913
3000	Revenue from state sources				
	Grants-in-aid				
3110	Unrestricted grants-in-aid				
3120	Restricted grants-in-aid	2,576,617	2,576,617	2,621,049	44,432
				18,041	18,041
4000	Revenue from federal sources				
	Grants-in-aid				
4120	Unrestricted grants-in-aid received from federal govt through the state				
4140	Unrestricted grants-in-aid Received directly from federal government	-	-	24	24
4150-	Restricted grants-in-aid	50,077	50,077	47,685	(2,392)
4199	received from federal government through the state				
4400	Johnson O-Malley funds	502,529	758,503	478,759	(279,744)
4900	Other	10,000	10,000	7,913	(2,087)
	Total revenue			33,727	33,727
EXPENDITURES		\$ 4,772,918	\$ 5,028,892	\$ 4,919,362	\$ (109,530)

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
1000 Instruction				
1100 Regular programs				
1111 Elementary	\$ 1,146,006	\$ 1,211,731	\$ 1,195,477	\$ 16,254
1121 Middle/junior high	617,345	683,070	560,575	122,495
1131 High School	887,893	953,618	935,384	18,234
1190 Other regular programs	75,623	75,623	75,404	219
1200 Special programs				
1270 Educationally deprived	249,322	313,106	280,115	32,991
2000 Support services				
2100 Pupils				
2120 Guidance	85,857	114,777	113,008	1,769
2134 Health	3,500	3,500	3,846	(346)
2200 Support services-instructional staff				
2210 Improvement of instruction	17,000	17,000	19,933	(2,933)
2220 Educational media	205,681	205,681	259,785	(54,104)
2300 Support services-general administration:				
2310 Board of education	49,887	49,887	51,566	(1,679)
2321 Executive administration	161,358	178,156	172,771	5,385
Support services-school administration				
2410 Office of the Principal	469,157	469,157	413,435	55,722
2490 Other	2,000	2,000	1,185	815
2500 Support services-business				
2529 Fiscal services	150,400	150,400	151,106	(706)
2540 Operation and maintenance of plant	818,158	818,158	870,479	(52,321)
2550 Pupil Transportation	74,092	93,781	93,605	176
2560 Food services	35,813	35,813	38,917	(3,104)
2600 Support services - central				
2620 Data Collection	2,000	2,000	4,147	(2,147)
Nonprogrammed charges				
4500 Early retirement payments	35,977	35,977	35,255	722
6000 Cocurricular activities				
6100 Male activities	71,347	71,347	73,697	(2,350)
6200 Female activities	38,802	38,802	46,594	(7,792)
6500 Transportation	47,700	47,700	65,574	(17,874)
6900 Combined activities	168,810	168,810	174,827	(6,017)
7000 Contingencies	15,000	-	-	-
Total Expenditures	\$ 5,428,728	\$ 5,740,094	\$ 5,636,685	\$ 103,409

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess revenue over/under expenditures	\$ (655,810)	\$ (655,810)	\$ (717,323)	\$ (61,513)
Other financing sources/(uses)				
5110 Transfers in	416,163	416,163	416,163	-
Total other financing uses	416,163	416,163	416,163	-
Net change in fund balances	(239,647)	(239,647)	(301,160)	(61,513)
Fund balance - beginning	1,698,863	1,698,863	1,698,863	-
Restatement - Error in County Apportionment in Prior Years (Note 18)	177,948	177,948	177,948	-
Fund balance - ending	\$ 1,637,164	\$ 1,637,164	\$ 1,575,651	\$ (61,513)

DRAFT

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

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			
1120	Prior years' ad valorem taxes			
1190	Penalties and interest on taxes			
	\$ 930,823	\$ 930,823	\$ 918,791	\$ (12,032)
4000	Revenue from federal sources			
4150-	Restricted grants-in-aid			
4199	received from federal government through the state			
	-	-	10,917	10,917
	-	-	3,271	3,271
	-	658,381	10,000	(648,381)
Total revenue	930,823	1,589,204	942,979	(646,225)
EXPENDITURES:				
1000	Instruction			
1100	Regular programs			
1110	Elementary			
1120	Middle/junior high			
1130	High School			
	10,000	10,000	30,291	(20,291)
	10,000	10,000	11,988	(1,988)
	10,000	10,000	40,631	(30,631)
2000	Support services			
2200	Support services - instructional staff			
2220	Educational media			
	54,000	129,000	10,236	118,764
2400	Support Services - general administration			
2410	Board of education			
	-	-	400	(400)
2500	Support services - business			
2540	Operation and maintenance of plant			
2550	Pupil transportation			
2560	Food service			
	234,000	234,000	23,757	210,243
	30,000	110,000	105,698	4,302
	-	15,000	5,223	9,777
Cocurricular Activities:				
6900	Combined activities			
	868,000	1,304,544	909,880	394,664
Total expenditures	1,216,000	1,822,544	1,138,096	684,448
Excess revenue over/under expenditures	(285,177)	(233,340)	(195,117)	38,223
Other financing uses				
5110	Transfer out			
8110	Transfer in			
	(320,163)	(372,000)	(419,763)	(47,763)
Total other financing uses	300,000	300,000	-	(300,000)
Net change in fund balances	(20,163)	(72,000)	(419,763)	(347,763)
Fund balance - beginning	(305,340)	(305,340)	(614,880)	(309,540)
Fund balance - ending	1,651,309	1,651,309	1,651,309	-
	\$ 1,345,969	\$ 1,345,969	\$ 1,036,429	\$ (309,540)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

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			
1120	\$ 524,292	\$ 524,292	\$ 588,317	\$ 64,025
1190	-	-	6,867	6,867
			2,006	2,006
1900	Other revenue from local sources			
1970	Charges for services			
1990	-	-	2,046	2,046
			6,130	6,130
3000	Revenue from state sources			
	Grants-in-aid			
3120	Restricted grants-in-aid			
4000	179,666	179,666	21,575	(158,091)
	Revenue from federal sources			
	Grants-in-aid			
4110	Unrestricted grants-in-aid received directly from the federal government			
4150	Restricted grants-in-aid received from federal government through the state			
			5,977	5,977
	176,418	176,418	183,401	6,983
Total revenue	880,376	880,376	816,319	(64,057)

DRAFT

(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, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Instruction				
1200	Special programs			
1220	Programs for special education			
	687,572	687,572	665,740	21,832
2000	Support services			
2100	Pupils			
2140	Psychological			
2150	57,980	57,980		
2170	159,923	159,923	46,580	11,400
	26,000	26,000	121,044	38,879
			31,854	(5,854)
2700	Support services - special education			
2710	Administrative costs			
2730	Transportation costs			
	86,017	86,017	84,546	1,471
			509	(509)
	1,017,492	1,017,492	950,273	67,219
Total expenditures				
Excess revenue over/under expenditures				
	(137,116)	(137,116)	(133,954)	3,162
Net change in fund balance				
	(137,116)	(137,116)	(133,954)	3,162
Fund balance - beginning				
	385,700	385,700	385,700	-
Fund balance -ending				
	\$ 248,584	\$ 248,584	\$ 251,746	\$ 3,162

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, 2022

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.

(Continued on next page)

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, 2022

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, 2022:

U.S. GAAP Basis Fund Balance	\$ 2,670,527
Subtract: portion comprised of excess Impact Aid funds	(1,094,876)
Budgetary Basis Fund Balance	<u>\$ 1,575,651</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
THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.1667670%	0.1710770%	0.1692710%	0.1805606%	0.1918739%	0.1703682%	0.1734388%	0.1739760%
District's proportionate share of net pension liability (asset)	\$ (1,277,150)	\$ (7,430)	\$ (17,938)	\$ (44,211)	\$ (17,413)	\$ 575,487	\$ (735,604)	\$ (1,253,426)
District's covered-employee payroll	\$ 3,784,479	\$ 3,754,625	\$ 3,599,150	\$ 3,253,676	\$ 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	-33.75%	-0.20%	-0.50%	-0.11%	-0.45%	17.76%	-23.23%	-40.19%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.29%

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 238,204	\$ 227,069	\$ 225,277	\$ 215,943	\$ 225,221	\$ 233,909	\$ 194,373	\$ 189,990
Contributions in relation to the contractually required contribution	\$ 238,204	\$ 227,069	\$ 225,277	\$ 215,943	\$ 225,221	\$ 233,909	\$ 194,373	\$ 189,990
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,970,060	\$ 3,784,479	\$ 3,754,625	\$ 3,599,150	\$ 3,753,676	\$ 3,898,472	\$ 3,239,553	\$ 3,166,500
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) AND SCHEDULE OF CONTRIBUTIONS**

Changes from prior valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

Actuarial Method Changes

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

SUPPLEMENTARY INFORMATION

DRAFT

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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			
Cash Assistance	10.555	NSLP-17-204	37,322
School Breakfast Program (Note 3,4)	10.553	NSLP-17-204	79,148
National School Lunch Program (Note 3,4)	10.555	NSLP-17-204	406,908
Total Child Nutrition Cluster			
Other Programs			\$ 523,378
Fresh Fruit & Vegetable Program			
Total U.S. Department of Agriculture	10.582	N/A	22,908
			546,286
U.S. DEPARTMENT OF THE INTERIOR			
Direct federal funding			
Indian education - assistance to schools -			
Johnson-O-Malley (Note 3)	15.130	N/A	7,913
Payment in Lieu of Taxes	15.226	N/A	24
Total U.S. Department of the Interior			7,937
U.S. DEPARTMENT OF EDUCATION			
Direct federal funding			
Impact Aid (Title VIII of ESEA)			
Indian education - grants to local	84.041	N/A	83,000
educational agencies			
Pass-through the SD Department of Education	84.060	N/A	47,685
Title I grants to local educational agencies	84.010	T1ba-17-098	199,532
Special Education Cluster:			
Special Education - Grants to States - Flow Through	84.027	17-611-058	176,661
Special Education - Preschool Grants	84.173	17-619-052	6,740
Total Special Education Cluster			183,401
Improving Teach Quality State Grants (Title II Part A)	84.367	17-T2A-098	54,566
Career and Technical Education - Basic			
Grants to the States	84.048	N/A	9,873

(Continued on next page)

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
Student Support and Academic Enrichment Program	84.424	N/A	24,208
Education Stabilization Fund (ESF) (Note 4)	84.425	N/A	177,672
Total U.S. Department of Education			779,937
Total Expenditures			1,334,160

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, 2022. 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 presents 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.