

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**AUDIT REPORT**  
**FOR THE YEAR THEN ENDED**  
**JUNE 30, 2023**

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
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# CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## 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

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### 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, 2023, and for the year then ended which collectively comprise the School District's basic financial statements and have issued our report thereon December 22, 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 2023-001, 2023-002, 2023-003, and 2023-004 that we consider to be material weaknesses.

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## **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**

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.

*Caillie Bansen*

Mobridge, South Dakota  
December 22, 2023



# CAHILL BAUER & ASSOCIATES, LLC

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

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### 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, 2023. 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, 2023.

#### ***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.

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### ***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.

*Curtis Bauer*

Mobridge, South Dakota  
December 22, 2023

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
AS OF JUNE 30, 2023 AND FOR THE YEAR THEN ENDED**

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**PRIOR FEDERAL AUDIT FINDINGS**

**Finding Number 2022-001:**

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.

**Current Status**

This finding has been corrected.

**PRIOR OTHER AUDIT FINDINGS**

**Finding Number 2022-002:**

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 2023-001. 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 2022-003:**

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 2023-002. 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 2022-004:**

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 2023-003. 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 2022-005:**

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.

**Current Status**

This finding has been corrected.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2023**

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**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 2023-001. 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 2023-002. A material weakness was disclosed by our audit of the financial statements for proposing material adjustments as discussed in finding number 2023-003. A material weakness was disclosed for an organization not properly segregating general fund activity from custodial funds as discussed in finding number 2023-004.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

**Federal Awards**

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- f. The federal awards tested as major programs were:
  - a. Elementary and Secondary School Emergency Relief Fund 84.425D
  - b. Elementary and Secondary School Emergency Relief Fund 84.425U
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Mobridge-Pollock School District No 62-6 did not qualify as a low-risk auditee.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**INTERNAL CONTROL-RELATED FINDINGS - MATERIAL WEAKNESSES**

**FINDING 2023-001**

***Criteria***

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

***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 2023-002**

***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, 2023**

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***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 2023-003**

***Criteria***

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

***Condition Found***

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

***Cause and Effect***

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

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2023**

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***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 2023-004**

***Criteria***

An organization's internal control structure should ensure receipts and disbursements of the general fund are kept separate from receipts and disbursements of custodial accounts.

***Condition Found***

The School District's internal control system did not ensure that funds of the general fund were not kept completely separate from custodial accounts. This is a violations of SDCL 13-16-19 which states that the school board must prescribe policies and procedures governing the stewardship of custodial funds.

***Cause and Effect***

This lack of internal control could lead to a misappropriation of assets.

***Recommendation***

It is the responsibility of management and those charged with governance to ensure that general fund receipts and disbursements are properly segregated from custodial accounts.

***Views of responsible officials and corrective actions***

See the School District's corrective action plan.

**Mobridge-Pollock School District No. 62-6**

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Finding Number 2023-001: Material weakness in internal controls due to a lack of segregation of duties.

Views of Responsible officials and Planned Correct Action Plan:

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

Finding Number 2023-002: Material weakness due to a lack of internal control structure to enable for the preparation of the financial statements and related notes.

Views of Responsible officials and Planned Correct Action Plan:

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

Finding Number 2023-003: Material weakness due to a lack of internal control structure to provide recording of all necessary material adjustments in order to ensure that accounting records are in accordance with GAAP.


Views of Responsible officials and Planned Correct Action Plan:

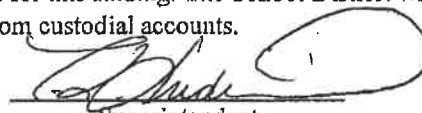
The Mobridge-Pollock School District Business Manager, Kim Schneider, is the contact person at this entity responsible for the corrective action plan for this finding. The district is aware of our overall responsibility for the preparation of all material adjustments of the School's financial statements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

Finding Number 2023-004: The School District's internal control system did not ensure that funds of the general fund were not kept completely separate from custodial accounts. This is a violations of SDCL 13-16-19 which states that the school board must prescribe policies and procedures governing the stewardship of custodial funds.

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 general fund receipts and disbursements are properly segregated from custodial accounts.

  
Business Manager

  
Superintendent



# CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

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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, 2023 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, 2023, 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.

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### ***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 December 22, 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.

*Caull Baron*

Mobridge, South Dakota  
December 22, 2023

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,695,852	\$ 213,602	\$ 4,909,454
Taxes receivable	1,295,825	-	1,295,825
Other assets	1,127,105	28,480	1,155,585
Inventories	-	28,847	28,847
Restricted cash and cash equivalents	468,024	-	468,024
Net pension asset	15,268	591	15,859
Capital assets			
Land	241,565	-	241,565
Other capital assets, net of depreciation	16,985,624	38,498	17,024,122
<b>TOTAL ASSETS</b>	<b>\$ 24,829,263</b>	<b>\$ 310,018</b>	<b>\$ 25,139,281</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	1,509,133	58,415	1,567,548
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,509,133</b>	<b>\$ 58,415</b>	<b>\$ 1,567,548</b>

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	\$ 316,804	\$ 5,766	\$ 322,570
Other current liabilities	598,046	3,111	601,157
Unearned revenue	-	20,743	20,743
Noncurrent liabilities:			
Due within one year	41,452	-	41,452
Due in more than one year	993,094	-	993,094
TOTAL LIABILITIES	\$ 1,949,396	\$ 29,620	\$ 1,979,016
Pension related deferred inflows	890,721	34,477	925,198
Taxes levied for future period	1,220,111	-	1,220,111
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 2,110,832	\$ 34,477	\$ 2,145,309
NET POSITION			
Net investment in capital assets	16,361,189	38,498	16,399,687
Restricted for			
Capital outlay purposes	1,581,465	-	1,581,465
Special education purposes	537,842	-	537,842
Debt service purposes	468,024	-	468,024
SDRS pension purposes	633,680	24,529	658,209
Unrestricted	2,695,968	241,309	2,937,277
TOTAL NET POSITION	\$ 22,278,168	\$ 304,336	\$ 22,582,504

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

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
Governmental activities							
Instruction	\$ 4,049,803	\$ -	\$ 1,475,654	\$ -	\$ (2,574,149)	\$ -	\$ (2,574,149)
Support services	2,677,097	-	404,212	490,123	(1,782,762)	-	(1,782,762)
Nonprogrammed charges	1,609	11,978	-	-	10,369	-	10,369
* Interest on long-term debt	43,300	-	-	-	(43,300)	-	(43,300)
Cocurricular activities	568,536	23,173	-	-	(545,363)	-	(545,363)
Total governmental activities	7,340,345	35,151	1,879,866	490,123	(4,935,205)	-	(4,935,205)
Business-type activities							
Food service	449,104	209,145	294,238	-	-	54,279	54,279
Total primary government	\$ 7,789,449	\$ 244,296	\$ 2,174,104	\$ 490,123	\$ (4,935,205)	\$ 54,279	\$ (4,880,926)
General Revenues							
Taxes							
Property taxes					2,973,724	-	2,973,724
Gross receipts taxes					122,996	-	122,996
Revenue from state sources							
State aid					2,563,158	-	2,563,158
Other					444	-	444
Revenue from federal sources					207,724	-	207,724
Unrestricted investment earnings					16,059	-	16,059
Other general revenues					251,759	-	251,759
Transfers					(15,000)	15,000	-
Total general revenues					6,120,864	15,000	6,135,864
Change in net position					1,185,659	69,279	1,254,938
Net position - beginning					21,217,001	235,057	21,452,058
Prior period adjustments (Note 16)					(124,492)	-	(124,492)
Net position - ending					\$ 22,278,168	\$ 304,336	\$ 22,582,504

\* 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, 2023**

	Major Funds			Nonmajor Funds		Total
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,697,758	\$ 1,407,634	\$ 590,460	\$ -	\$ -	\$ 4,695,852
Prepaid expenses	-	5,049	-	-	-	5,049
Taxes receivables - current	606,234	400,082	250,731	-	-	1,257,047
Taxes receivables - delinquent	19,501	11,784	7,493	-	-	38,778
Due from state government	120,718	-	-	-	-	120,718
Due from federal governments	586,365	384,425	30,548	-	-	1,001,338
Restricted cash and cash equivalents	-	-	-	468,024	-	468,024
<b>TOTAL ASSETS</b>	<b>\$ 4,030,576</b>	<b>\$ 2,208,974</b>	<b>\$ 879,232</b>	<b>\$ 468,024</b>	<b>\$ -</b>	<b>\$ 7,586,806</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 42,469	\$ 237,446	\$ 36,889	\$ -	\$ -	\$ 316,804
Contracts payable	469,501	-	52,893	-	-	522,394
Payroll deductions and withholdings and employer matching payable	68,495	-	7,157	-	-	75,652
<b>Total Liabilities</b>	<b>580,465</b>	<b>237,446</b>	<b>96,939</b>	<b>-</b>	<b>-</b>	<b>914,850</b>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue - Property Tax	17,242	9,156	5,832	-	-	32,230
Taxes levied for future period	585,597	390,063	244,451	-	-	1,220,111
<b>Total Deferred Inflows of Resources</b>	<b>602,839</b>	<b>399,219</b>	<b>250,283</b>	<b>-</b>	<b>-</b>	<b>1,252,341</b>
<b>Fund balances</b>						
Nonspendable	-	5,049	-	-	-	5,049
Prepaids	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Capital outlay purposes	-	1,567,260	-	-	-	1,567,260
Special education purposes	-	-	532,010	-	-	532,010
Debt service purposes	-	-	-	468,024	-	468,024
Assigned	-	-	-	-	-	-
Unemployment	1,427	-	-	-	-	1,427
Unassigned	2,845,845	-	-	-	-	2,845,845
<b>Total fund balance</b>	<b>2,847,272</b>	<b>1,572,309</b>	<b>532,010</b>	<b>468,024</b>	<b>-</b>	<b>5,419,615</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,030,576</b>	<b>\$ 2,208,974</b>	<b>\$ 879,232</b>	<b>\$ 468,024</b>	<b>\$ -</b>	<b>\$ 7,586,806</b>

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, 2023**

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Total fund balances - governmental funds	\$ 5,419,615
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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.	17,227,189
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Net pension asset reported in governmental activities is not an available financial resource and therefor is not reported in the funds.	15,268
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Pension deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	1,509,133
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Pension deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(890,721)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Early retirement benefits	\$70,486	
Lease liability	\$98,060	
Qualified Zone Academy Bonds payable	\$866,000	(1,034,546)

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 *delinquent taxes* are due and payable by the taxpayer at June 30, the delinquent taxes are reported as revenue on the government-wide financial statements.

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32,230

Net position- governmental funds	<u>\$ 22,278,168</u>
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**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Major Funds			Nonmajor Funds		
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds	
<b>REVENUES</b>						
Revenue from local sources						
Taxes						
Ad valorem taxes	\$ 1,384,911	\$ 946,391	\$ 593,319	\$ -	\$ 2,924,621	
Prior years' ad valorem taxes	24,480	18,231	11,722	-	54,433	
Tax deed revenue	13,408	896	592	-	14,896	
Utility taxes	122,996	-	-	-	122,996	
Penalties and interest on taxes	6,428	4,336	2,737	-	13,501	
Earnings on investments and deposits	11,933	-	-	4,126	16,059	
Cocurricular activities						
Admissions	22,903	-	-	-	22,903	
Other pupil activity income	270	-	-	-	270	
Other revenue from local sources						
Contributions and donations	26,400	800	-	-	27,200	
Charges for services	10,397	-	1,581	-	11,978	
Other	102,940	-	1,467	-	104,407	
Revenue from intermediate sources						
County sources						
County appointment	61,277	-	-	-	61,277	
Revenue from state sources						
Grants-in-aid						
Unrestricted grants-in-aid	2,563,158	-	-	-	2,563,158	
Restricted grants-in-aid	18,489	-	399,743	-	418,232	

(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, 2023**

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund		
Other state revenue	\$ 444	\$ -	\$ -	\$ -	\$ -	444
Revenue from federal sources						
Grants-in-aid						
Unrestricted grants-in-aid						
Received directly from the federal government	188,220	-	6,689	-	-	194,909
Unrestricted grants-in-aid						
Received from federal government through the state	30	-	-	-	-	30
Restricted grants-in-aid						
Received directly from the federal government	49,372	-	-	-	-	49,372
Restricted grants-in-aid						
Received from federal government through the state						
Johnson O'Malley funds	1,204,565	495,346	202,474	-	-	1,902,385
Other federal revenues	12,785	-	-	-	-	12,785
	14,833	32,900	-	-	-	47,733
Total Revenues	5,840,239	1,498,900	1,220,324	4,126	-	8,563,589
<b>EXPENDITURES</b>						
Instruction						
Regular programs						
Elementary	1,257,380	7,028	-	-	-	1,264,408
Middle/junior high	633,753	591	-	-	-	634,344
High school	905,165	4,225	-	-	-	909,390
Other regular programs	61,074	-	-	-	-	61,074
Special programs						
Programs for special education	-	-	636,395	-	-	636,395
Educationally deprived	397,273	-	-	-	-	397,273
Other special programs	25,273	\$ -	\$ -	\$ -	\$ -	25,273

(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, 2023**

	Major Funds			Nonmajor Funds			Total
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Governmental Funds		
Support services							
Pupils							
Guidance	\$ 121,523	\$ -	\$ -	\$ -	\$ -	\$ 121,523	
Health	2,331	-	-	-	-	2,331	
Psychological	-	-	56,023	-	-	56,023	
Speech pathology	-	-	128,691	-	-	128,691	
Student therapy services	-	-	36,202	-	-	36,202	
Support services - instructional staff							
Improvement of instruction	20,554	-	-	-	-	20,554	
Educational media	174,095	57,893	-	-	-	231,988	
Support services - general administration							
Board of education	40,950	300	-	-	-	41,250	
Executive administration	191,806	-	-	-	-	191,806	
Support services - school administration:							
Office of the principal	434,368	-	-	-	-	434,368	
Other	730	-	-	-	-	730	
Support services - business							
Fiscal services	159,290	-	-	-	-	159,290	
Operation and maintenance of plant	927,429	4,817	-	-	-	932,246	
Pupil transportation	101,159	-	-	-	-	101,159	
Food services	25,287	2,175	-	-	-	27,462	
Support services - central							
Planning	8,705	-	-	-	-	8,705	
Support services - special education							
Administrative costs	-	-	82,749	-	-	82,749	
Nonprogrammed charges							
Early retirement payments	\$ 24,693	\$ -	\$ -	\$ -	\$ -	\$ 24,693	

(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, 2023**

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	
Cocurricular activities					
Male activities	\$ 73,581	\$ 1,194	\$ -	\$ -	\$ 74,775
Female activities	43,049	-	-	-	43,049
Transportation	67,529	-	-	-	67,529
Combined activities	207,405	25,218	-	-	232,623
Debt services	-	-	-	43,300	43,300
Capital outlay	-	403,721	-	-	403,721
Total expenditures	5,904,402	507,162	940,060	43,300	7,394,924
Excess of revenue over (under) expenditures	(64,163)	991,738	280,264	(39,174)	1,168,665
Other financing sources (uses)					
Transfer in	380,400	-	-	86,600	467,000
Transfer out	(15,000)	(467,000)	-	-	(482,000)
Compensation for loss of general capital assets	-	11,142	-	-	11,142
Net other financing sources (uses)	365,400	(455,858)	-	86,600	(3,858)
Net change in fund balances	301,237	535,880	280,264	47,426	1,164,807
Fund balance - beginning	2,670,527	1,036,429	251,746	420,598	4,379,300
Prior period adjustment (Note 16)	(124,492)	-	-	-	(124,492)
Fund Balance - Ending	\$ 2,847,272	\$ 1,572,309	\$ 532,010	\$ 468,024	\$ 5,419,615

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, 2023**

Net change in fund balances - total governmental funds	\$	1,164,807
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation/amortization exceeds capital outlay in the current period.		(62,906)
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.		(1,609)
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".		(33,727)
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.		25,879
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)		70,123
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.		23,092
Change in net position of governmental activities	\$	<u>1,185,659</u>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	Enterprise Funds Food Service Fund
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 213,602
Accounts receivable	14,574
Due from other government	13,906
Inventory of supplies	10,366
Inventory of stores purchased for resale	10,719
Inventory of donated food	7,762
Total current assets	<u>270,929</u>
Noncurrent assets	
Pension asset	591
Capital assets	
Machinery and equipment	204,823
Less accumulated depreciation	(166,325)
Total noncurrent assets	<u>39,089</u>
<b>TOTAL ASSETS</b>	<u><u>310,018</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related deferred outflows of resources	<u>58,415</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>58,415</u></u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	5,766
Contracts payable	2,889
Payroll deductions and withholdings and employer matching payable	222
Unearned revenue	<u>20,743</u>
<b>TOTAL LIABILITIES</b>	<u><u>29,620</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related deferred inflows of resources	<u>34,477</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u><u>34,477</u></u>
<b>NET POSITION</b>	
Invested in capital assets	38,498
Restricted for SDRS purposes	24,529
Unrestricted net position	<u>241,309</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 304,336</u></u>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Enterprise Funds Food Service Fund
OPERATING REVENUE	
Sales	
Students	\$ 184,840
Adult	10,416
Other charges for goods and services	13,889
Total operating revenue	<u>209,145</u>
OPERATING EXPENSES	
Food Service	
Salaries	185,969
Employee benefits	47,454
Purchased services	21,282
Supplies	5,251
Cost of sales - purchased food	147,268
Cost of sales - donated food	37,065
Miscellaneous	275
Depreciation	4,540
Total Operating Expenses	<u>449,104</u>
Operating Loss	<u>(239,959)</u>
NONOPERATING REVENUES (EXPENSES)	
State sources	
Cash reimbursements	1,045
Federal sources	
Cash reimbursements	250,748
Donated food	42,445
Total nonoperating revenues	<u>294,238</u>
INCOME (LOSS) BEFORE TRANSFERS	54,279
Transfers In	<u>15,000</u>
CHANGE IN NET POSITION	69,279
NET POSITION - BEGINNING	<u>235,057</u>
NET POSITION - ENDING	<u>\$ 304,336</u>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Enterprise Funds Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 195,154
Payments to suppliers	(173,802)
Payments to employees	(235,480)
Net cash used by operating activities	<u>(214,128)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash reimbursements - state sources	1,045
Cash reimbursements - federal sources	246,604
Transfers in	15,000
Net cash flows from noncapital financing activities	<u>262,649</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(19,915)
Net cash flows from capital and related financing activities	<u>(19,915)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	28,606
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>184,996</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 213,602</u></u>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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RECONCILIATION OF OPERATING LOSS TO NET  
CASH USED BY OPERATING ACTIVITIES

Operating loss	\$	(239,959)
Adjustments to reconcile operating loss to net cash used by operating activities		
Value of commodities used		37,065
Depreciation expense		4,540
Change in assets and liabilities		
Accounts receivable		(3,601)
Inventories		(2,757)
Accounts and other payables		3,031
Contracts and benefits payable		1,435
Unearned revenue		(10,390)
Pension deferred outflows/inflows		(3,492)
		<hr/>
Net cash used by operating activities	\$	<u><u>(214,128)</u></u>

NONCASH INVESTING, CAPITAL AND  
FINANCING ACTIVITIES

Value of commodities received	\$	<u><u>42,445</u></u>
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**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Private-Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,347	\$ 64,171
Investments	31,850	-
Total assets	37,197	64,171
<b>NET POSITION</b>		
Restricted for student activities	-	64,171
Restricted for scholarships	37,197	-
<b>TOTAL NET POSITION</b>	<b>\$ 37,197</b>	<b>\$ 64,171</b>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Contributions and donations	\$ 2,000	\$ -
Collections for student activities	-	55,943
Earnings on investments and deposits	71	-
TOTAL ADDITIONS	2,071	55,943
DEDUCTIONS:		
Payments for student activities	-	44,876
Trust deductions for scholarships	1,085	-
TOTAL DEDUCTIONS	1,085	44,876
CHANGE IN NET POSITION	986	11,067
NET POSITION - BEGINNING	36,211	53,104
NET POSITION - ENDING	\$ 37,197	\$ 64,171

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(See Independent Auditors' Report)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*a. Financial Reporting Entity*

The reporting entity of Mobridge-Pollock School District No. 62-6, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

*b. Basis of Presentation*

**Government-wide Financial Statements**

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses and those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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**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.

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

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**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.

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

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**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, 2023 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.

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

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*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 acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

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

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

The total June 30, 2023 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, 2023 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 capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization	Depreciation/ Amortization	Estimated
	Threshold	Method	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
Intangible subscription 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 government-wide or fund financial statements.

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

**NOTES TO FINANCIAL STATEMENTS - Page 7**  
**(See Independent Auditors' Report)**

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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.

*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.

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**(See Independent Auditors' Report)**

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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

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 to be cash equivalents for the purpose of the Statement of Cash Flows.

*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.

**NOTES TO FINANCIAL STATEMENTS - Page 9**  
**(See Independent Auditors' Report)**

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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.

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**(See Independent Auditors' Report)**

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*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 - 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, 2023, 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.

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**(See Independent Auditors' Report)**

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Concentration of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer. The School District does not have a deposit policy for custodial risk. As of June 30, 2023, 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 3 - RESTRICTED CASH AND INVESTMENTS**

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

<u>Amount</u>	<u>Purpose</u>
\$ 468,024	Debt Service
<u>\$ 468,024</u>	

**NOTE 4 - RECEIVABLES AND PAYABLES**

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

**NOTE 5 - INVENTORY**

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

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

No material inventories were on hand as of June 30, 2023, in the government funds.

**NOTE 6 - PROPERTY TAXES**

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

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

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**(See Independent Auditors' Report)**

**NOTE 7 - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	Balance 07/01/2022	Increases	Decreases	Balance 06/30/2023
Primary Government				
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	\$ 117,377	\$ -	\$ -	\$ 117,377
Construction in progress	-	124,188	-	124,188
Total capital assets, being depreciated/amortized	117,377	124,188	-	241,565
Capital assets, being depreciated/amortized				
Improvements	1,457,833	275,867	-	1,733,700
Buildings	17,888,443	-	-	17,888,443
Machinery and equipment	2,047,090	3,666	(9,987)	2,040,769
Intangible lease assets	121,152	-	-	121,152
Total capital assets, being depreciated/amortized	21,514,518	279,533	(9,987)	21,784,064
Less accumulated depreciation/amortization for				
Improvements	310,549	117,289	-	427,838
Buildings	2,939,969	217,142	-	3,157,111
Machinery and equipment	1,089,673	107,966	(8,378)	1,189,261
Intangible lease assets	-	24,230	-	24,230
Total accumulated depreciation/amortization	4,340,191	466,627	(8,378)	4,798,440
Total capital assets, being depreciated/amortized, net	17,174,327	(187,094)	(1,609)	16,985,624
Governmental activity capital assets, net	\$ 17,291,704	\$ (62,906)	\$ (1,609)	\$ 17,227,189

Depreciation/amortization expense was charged to functions as follows:

Governmental activities	
Instruction	\$ 168,113
Support services	145,457
Co-curricular activities	153,057
Total depreciation/amortization expense - governmental activities	\$ 466,627

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

	Balance 07/01/2022	Increases	Decreases	Balance 06/30/2023
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 184,908	\$ 19,915	\$ -	\$ 204,823
Less accumulated depreciation for Machinery and equipment	161,785	4,540	-	166,325
 Total capital assets, being depreciated, net	<u>\$ 23,123</u>	<u>\$ 15,375</u>	<u>\$ -</u>	<u>\$ 38,498</u>

Depreciation expense was charged to functions as follows:

Business-type activities	
Food Services	<u>\$ 4,540</u>

**NOTE 8 - LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance 07/01/2022	Additions	Deletions	Balance 06/30/2023	Due Within One Year
Governmental Activities:					
Qualified Zone					
Academy Bonds	\$ 866,000	\$ -	\$ -	\$ 866,000	\$ -
Lease liability	121,152	-	23,092	98,060	23,467
Early retirement	96,365	-	25,879	70,486	17,985
Total governmental activities	<u>\$ 1,083,517</u>	<u>\$ -</u>	<u>\$ 48,971</u>	<u>\$ 1,034,546</u>	<u>\$ 41,452</u>

Liabilities payable at June 30, 2023 are comprised of the following:

Qualified Zone Academy Bonds	
Payable: Payable from the Debt Service	\$ 866,000
Lease Liability:	
Payable from the Capital Outlay Fund	98,060
Early Retirement Payable: Payable from the General Fund	70,486
	<u>\$ 1,034,546</u>

(Continued on next page)

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**(See Independent Auditors' Report)**

Annual Requirements to Maturity for Long-Term Debt

<u>Year Ended June 30</u>	<u>Early Retirement</u>	<u>QZAB</u>	<u>Lease Liability</u>
2024	17,985	-	23,469
2025	17,267	-	24,152
2026	17,267	-	24,858
2027	13,661	-	25,581
2028	4,306	-	-
2029-2033	-	-	-
2034-2038	-	866,000	-
Totals	<u>\$ 70,486</u>	<u>\$ 866,000</u>	<u>\$ 98,060</u>

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 9 - INDIVIDUAL FUND INTERFUND TRANSACTIONS**

There following interfund transfers were made for the year ended June 30, 2023.

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
General Fund	\$ 380,400	\$ (15,000)	\$ 365,400
Capital Outlay Fund	-	(467,000)	(467,000)
Debt Service	86,600	-	86,600
Food Service Fund	15,000	-	15,000
Total	<u>\$ 482,000</u>	<u>\$ (482,000)</u>	<u>\$ -</u>

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

**NOTE 10 - LITIGATION**

At June 30, 2023, the School District was not involved in any litigation.

**NOTE 11 - 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.

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**(See Independent Auditors' Report)**

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**NOTE 12 - RESTRICTED NET POSITION**

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

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay purposes	Law	\$ 1,581,465
Special Education	Law	537,842
Other Purposes		
Debt Service purposes	Debt Covenants	468,024
SDRS pension purposes	Law	<u>658,209</u>
Total Restricted Net Position		<u>\$ 3,245,540</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.

**NOTES TO FINANCIAL STATEMENTS - Page 16**  
**(See Independent Auditors' Report)**

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**Benefits Provided:**

SDRS has four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation 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.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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**(See Independent Auditors' Report)**

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

**Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6% of salary; Class B Judiciary Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, 2023, 2022, and 2021 were \$252,014, \$238,204, and \$227,069, 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, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System for the School District as of the measurement period ending June 30, 2022 and reported by the School District as of June 30, 2023 are as follows:

Proportionate share of total	\$ 23,689,522
Less proportionate share of net position restricted for	<u>23,705,381</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (15,859)</u></u>

At June 30 2023, the District reported an asset of \$15,859 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 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, 2022, the School District's proportion was .1678130%, which is a decrease of .0032640% from its proportion measure as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized reduction of pension expense of \$71,431. At June 30, 2023 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**(See Independent Auditors' Report)**

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 301,895	\$ 1,030
Changes in assumption	1,007,974	883,354
Net difference between projected and actual earnings on pension plan investments	-	38,006
Changes in proportion and difference between the District contributions and proportionate share of	5,665	2,808
District contributions subsequent to the measurement	252,014	-
Total	<u>\$ 1,567,548</u>	<u>\$ 925,198</u>

\$252,014 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, 2024. 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:

2024	\$ 108,537
2025	219,467
2026	(251,686)
2027	314,018
TOTAL	<u>\$ 390,336</u>

**Actuarial Assumptions:**

The total pension liability (asset) in the June 30, 2022 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 7.66% at entry to 3.15% 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 2.50% and real returns of 4.00%
Future	2.10%

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**(See Independent Auditors' Report)**

**Mortality Rates**

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above.

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

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, 2022 (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%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	100.00%	2.70%

(Continued on next page)

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**(See Independent Auditors' Report)**

**Discount Rate:**

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
proportionate share of the net pension	\$ 3,293,055	\$ (15,859)	\$ (2,720,116)

**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, 2023, 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, 2023 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.

**NOTES TO FINANCIAL STATEMENTS - Page 21**  
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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, 2023, no claims were filed for unemployment benefits. At June 30, 2023, no claims had been filed or were outstanding for unemployment benefits and none are anticipated in the next fiscal year.

**NOTE 16 - PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments have been recorded for an errors made in recording utility taxes, overpayment of state aid, and overstated Title VI revenue for the period ending June 30, 2022.

Net Position/General Fund Balance July 1, 2022, as previously reported	\$ 21,217,001	\$ 2,670,527
Correction of utility taxes overstatement	(6,577)	(6,577)
Correction of state aid repaid	(108,746)	(108,746)
Correction of Title VI overstatement	<u>(9,169)</u>	<u>(9,169)</u>
Net Position/General Fund Balance July 1, 2022, as restated	<u>\$ 21,092,509</u>	<u>\$ 2,546,035</u>

## REQUIRED SUPPLEMENTARY INFORMATION

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Data Control Codes	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES					
1000	Revenue from local sources				
1100	Taxes				
1110	Ad valorem taxes	\$ 1,320,500	\$ 1,320,500	\$ 1,384,911	\$ 64,411
1120	Prior years' ad valorem taxes	-	-	24,480	24,480
1130	Tax deed revenue	-	-	13,408	13,408
1140	Utility Tax	148,514	148,514	122,996	(25,518)
1190	Penalties and interest on taxes	5,000	5,000	6,428	1,428
1510	Earnings on investments and deposits	1,000	1,000	11,933	10,933
1700	Cocurricular activities				
1710	Admissions	25,000	25,000	22,903	(2,097)
1790	Other pupil activities	500	500	270	(230)
1900	Other revenue from local sources				
1920	Contributions and donations	-	-	26,400	26,400
1970	Charges for services	10,000	10,000	10,397	397
1990	Other	48,000	48,000	102,940	54,940
2000	Revenue from intermediate sources				
2100	County sources				
2110	County apportionment	23,668	23,668	61,277	37,609
3000	Revenue from state sources				
	Grants-in-aid				
3110	Unrestricted grants-in-aid	2,886,204	2,886,204	2,563,158	(323,046)
3120	Restricted grants-in-aid	-	-	18,489	18,489
3900	Other state revenue	-	-	444	444
4000	Revenue from federal sources				
	Grants-in-aid				
4120	Unrestricted grants-in-aid received from federal govt through the state	-	-	30	30
4140	Unrestricted grants-in-aid Received directly from federal government	49,539	49,539	49,372	(167)
4150- 4199	Restricted grants-in-aid received from federal government through the state	1,916,974	1,916,974	1,204,565	(712,409)
4400	Johnson O-Malley funds	7,913	7,913	12,785	4,872
4900	Other	-	-	14,833	14,833
	Total revenue	\$ 6,442,812	\$ 6,442,812	\$ 5,652,019	\$ (790,793)

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**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Data Control Codes	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			
EXPENDITURES					
1000	Instruction				
1100	Regular programs				
1111	Elementary	\$ 1,403,249	\$ 1,403,249	\$ 1,257,380	\$ 145,869
1121	Middle/junior high	756,672	756,672	633,753	122,919
1131	High School	1,181,293	1,181,293	905,165	276,128
1190	Other regular programs	75,673	75,673	61,074	14,599
1200	Special programs				
1270	Educationally deprived	495,334	495,334	397,273	98,061
1290	Other special programs	-	-	25,273	(25,273)
2000	Support services				
2100	Pupils				
2120	Guidance	121,016	121,016	121,523	(507)
2134	Health	3,500	3,500	2,331	1,169
2200	Support services-instructional staff				
2210	Improvement of instruction	17,000	17,000	20,554	(3,554)
2220	Educational media	185,341	185,341	174,095	11,246
2300	Support services-general administration:				
2310	Board of education	49,887	158,633	40,950	117,683
2321	Executive administration	191,444	191,444	191,806	(362)
	Support services-school administration				
2410	Office of the Principal	432,452	432,452	434,368	(1,916)
2490	Other	-	-	730	(730)
2500	Support services-business				
2529	Fiscal services	157,148	157,148	159,290	(2,142)
2540	Operation and maintenance of plant	731,942	731,942	927,429	(195,487)
2550	Pupil Transportation	93,781	108,781	101,159	7,622
2560	Food services	23,813	23,813	25,287	(1,474)
2600	Support services - central				
2620	Data Colletion	2,000	2,000	8,705	(6,705)
	Nonprogrammed charges				
4500	Early retirement payments	35,977	35,977	24,693	11,284
6000	Cocurricular activities				
6100	Male activities	73,075	98,075	73,581	24,494
6200	Female activities	44,868	44,868	43,049	1,819
6500	Transportation	34,000	34,000	67,529	(33,529)
6900	Combined activities	166,300	166,300	207,405	(41,105)
7000	Contingencies	15,000	15,000	-	15,000
Total Expenditures		\$ 6,290,765	\$ 6,439,511	\$ 5,904,402	\$ 535,109

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**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess revenue over/under expenditures	\$ 152,047	\$ 3,301	\$ (252,383)	\$ (255,684)
Other financing sources/(uses)				
5110 Transfers in	427,753	576,499	576,499	-
8110 Transfers out	(54,700)	(54,700)	(15,000)	39,700
Total other financing uses	373,053	521,799	561,499	39,700
Net change in fund balances	525,100	525,100	309,116	(215,984)
Fund balance - beginning	1,575,651	1,575,651	1,575,651	-
Prior period adjustment (Note 16)	(124,492)	(124,492)	(124,492)	-
Fund balance - ending	\$ 1,976,259	\$ 1,976,259	\$ 1,760,275	\$ (215,984)

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL OUTLAY FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Data Control Codes		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
		Original	Final		Positive (Negative)
	REVENUES				
1000	Revenue from local sources				
1100	Taxes				
1110	Ad valorem taxes	\$ 963,400	\$ 963,400	\$ 946,391	\$ (17,009)
1120	Prior years' ad valorem taxes	-	-	18,231	18,231
1130	Tax deed revenue			896	896
1190	Penalties and interest on taxes	-	-	4,336	4,336
1900	Other revenue from local sources				
1920	Contributions and donations	-	-	800	800
4000	Revenue from federal sources				
4150-	Restricted grants-in-aid				
4199	received from federal government through the state	-	147,000	495,346	348,346
4900	Other	-	-	32,900	32,900
	Total revenue	963,400	1,110,400	1,498,900	388,500
	EXPENDITURES:				
1000	Instruction				
1100	Regular programs				
1110	Elementary	20,000	20,000	7,028	12,972
1120	Middle/junior high	10,000	10,000	591	9,409
1130	High School	20,000	20,000	4,225	15,775
2000	Support services				
2200	Support services - instructional staff				
2220	Educational media	169,000	169,000	61,559	107,441
2400	Support Services - general administration				
2410	Board of education	-	-	300	(300)
2500	Support services - business				
2530	Facilities acquisition and construction	-	147,000	384,425	(237,425)
2540	Operation and maintenance of plant	110,000	110,000	20,447	89,553
2550	Pupil transportation	10,000	10,000	-	10,000
2560	Food service	-	-	2,175	(2,175)
	Cocurricular Activities:				
6900	Combined activities	157,000	157,000	25,218	131,782
	Total expenditures	496,000	643,000	507,162	135,838
	Excess revenue over/under expenditures	467,400	467,400	991,738	524,338
	Other financing uses				
5110	Transfer out	(467,400)	(467,400)	(467,000)	400
5140	Compensation for loss of general capital assets	-	-	11,142	11,142
	Total other financing uses	(467,400)	(467,400)	(455,858)	11,542
	Net change in fund balances	-	-	535,880	535,880
	Fund balance - beginning	1,036,429	1,036,429	1,036,429	-
	Fund balance - ending	\$ 1,036,429	\$ 1,036,429	\$ 1,572,309	\$ 535,880

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL EDUCATION FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Data Control Codes		Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget
		Original	Final	Positive (Negative)		
	REVENUES					
1000	Revenue from local sources					
1100	Taxes					
1110	Ad valorem taxes	\$ 501,364	\$ 501,364	\$ 593,319	\$ 91,955	
1120	Prior years' ad valorem taxes	-	-	11,722	11,722	
1130	Tax deed revenue	-	-	592	592	
1190	Penalties and interest on taxes	-	-	2,737	2,737	
1900	Other revenue from local sources					
1970	Charges for services	-	-	1,581	1,581	
1990	Other	-	-	1,467	1,467	
3000	Revenue from state sources					
	Grants-in-aid					
3120	Restricted grants-in-aid	258,850	258,850	399,743	140,893	
4000	Revenue from federal sources					
	Grants-in-aid					
4110	Unrestricted grants-in-aid received directly from the federal government	-	-	6,689	6,689	
4150	Restricted grants-in-aid received from federal government through the state	176,000	176,000	202,474	26,474	
	Total revenue	936,214	936,214	1,220,324	284,110	

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL EDUCATION FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Data Control Codes		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
		Original	Final		Positive (Negative)
	EXPENDITURES				
	Instruction				
1200	Special programs				
1220	Programs for special education	731,579	731,579	636,395	95,184
2000	Support services				
2100	Pupils				
2140	Psychological	57,980	57,980	56,023	1,957
2150	Speech pathology	176,635	176,635	128,691	47,944
2170	Student therapy services	26,000	26,000	36,202	(10,202)
2700	Support services - special education				
2710	Administrative costs	88,386	88,386	82,749	5,637
2730	Transportation costs	1,000	1,000	-	1,000
	Total expenditures	1,081,580	1,081,580	940,060	141,520
	Excess revenue over/under expenditures	(145,366)	(145,366)	280,264	425,630
5110	Transfers in		145,366	-	(145,366)
	Net change in fund balance	(145,366)	-	280,264	280,264
	Fund balance - beginning	251,746	251,746	251,746	-
	Fund balance -ending	\$ 106,380	\$ 251,746	\$ 532,010	\$ 280,264

**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, 2023**

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**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

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

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five percent of the total School District budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH**  
**MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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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, 2023:

U.S. GAAP Basis Fund Balance	\$ 2,847,272
Subtract: portion comprised of excess Impact Aid funds	(1,086,997)
Budgetary Basis Fund Balance	<u>\$ 1,760,275</u>

**NOTE 2 - USGAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES**

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.1678130%	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)	\$ (15,859)	\$ (1,277,150)	\$ (7,430)	\$ (17,938)	\$ (4,211)	\$ (17,413)	\$ 575,487	\$ (735,604)	\$ (1,253,426)
District's covered-employee payroll	\$ 4,007,110	\$ 3,784,479	\$ 3,754,625	\$ 3,599,150	\$ 3,753,676	\$ 3,898,472	\$ 3,239,553	\$ 3,166,500	\$ 3,118,913
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.40%	-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)	100.10%	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 252,014	\$ 238,204	\$ 227,069	\$ 225,277	\$ 215,943	\$ 225,221	\$ 233,909	\$ 194,373	\$ 189,990
Contributions in relation to the contractually required contribution	\$ 252,014	\$ 238,204	\$ 227,069	\$ 225,277	\$ 215,943	\$ 225,221	\$ 233,909	\$ 194,373	\$ 188,990
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,200,235	\$ 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%	6.00%

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION**  
**LIABILITY (ASSET) AND SCHEDULE OF CONTRIBUTIONS**

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**Changes from prior valuation**

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

**Benefit Provision Changes**

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

**Actuarial Assumption Changes**

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2021 and presented to the SDRS Board of Trustees in April and June, 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - Page 2**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION**  
**LIABILITY (ASSET) AND SCHEDULE OF CONTRIBUTIONS**

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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%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

**Actuarial Assumption Changes**

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

## **SUPPLEMENTARY INFORMATION**

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Federal Grantor/Pass-Through Grantor Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Disbursements/ Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Pass-through the SD Department of Education			
Child Nutrition Cluster			
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	NSLP-17-204	42,445
Cash Assistance			
School Breakfast Program (Note 3)	10.553	NSLP-17-204	32,913
National School Lunch Program (Note 3)	10.555	NSLP-17-204	165,510
Summer Food Service Program for Children	10.559	NSLP-17-204	13,901
Total Child Nutrition Cluster			\$ 254,769
Other Programs			
Fresh Fruit & Vegetable Program	10.582	N/A	21,704
US Department of Agriculture Pass-Through Programs from SD Department of Education			
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	8,918
<b>Total U.S. Department of Agriculture</b>			<b>285,391</b>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
Direct federal funding			
Indian education - assistance to schools - Johnson-O-Malley (Note 3)	15.130	N/A	12,785
Pass-through the SD Department of Education:			
Distributions of Receipts to State & Local Governments	15.227	N/A	30
<b>Total U.S. Department of the Interior</b>			<b>12,815</b>
<b>U.S DEPARTMENT OF EDUCATION</b>			
Direct federal funding			
Impact Aid (Title VIII of ESEA)	84.041	N/A	202,788
Indian education - grants to local educational agencies	84.060	N/A	49,372
Pass-through the SD Department of Education			
Title I grants to local educational agencies	84.010	T1ba-17-098	303,484

(Continued on next page)

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Federal Grantor/Pass-Through Grantor Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Disbursements/ Expenditures</b>
Special Education Cluster:			
Special Education - Grants to States - Flow Through	84.027	17-611-058	170,389
Special Education - Preschool Grants	84.173	17-619-052	7,327
Total Special Education Cluster			177,716
Improving Teach Quality State Grants (Title II Part A)	84.367	17-T2A-098	72,728
Career and Technical Education - Basic			
Grants to the States	84.048	N/A	10,922
Student Support and Academic Enrichment Program	84.424	N/A	28,072
Elementary and Secondary School Emergency Relief (Note 4)	84.425D	N/A	675,135
American Rescue Plan Elementary and Ssecondary School			
Emergency Relief (Note 4)	84.425U	N/A	612,624
<b>Total U.S. Department of Education</b>			<b>2,132,841</b>
<b>Total Expenditures</b>			<b>2,431,047</b>

**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, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule resents only a selected portion of the operatios of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. The School District has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - FEDERAL REIMBURSEMENTS**

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

**NOTE 4: MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM**

This represents a Major Federal Financial Assistance Program.