

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2015

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mobridge-Pollock School District No. 62-6, Mobridge, South Dakota (School District), as of June 30, 2015, and for the year then ended which collectively comprise the School District's basic financial statements and have issued our report thereon November 5, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mobridge-Pollock School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items listed as 2015-01 through 2015-04 to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Mobridge, South Dakota
November 5, 2015



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the Mobridge-Pollock School District No. 62-6, South Dakota (School District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 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, 2015. The School District's major federal programs are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Mobridge-Pollock School District No. 62-6 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the School District's internal control over compliance with these types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.



Mobridge, South Dakota
November 5, 2015

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
AS OF JUNE 30, 2015 AND FOR THE YEAR THEN ENDED**

FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2014-01:

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

Current Status: This has not been corrected and is restate as current audit finding 2015-01.

Finding 2014-02:

No internal control system designed to provide for the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP).

Current Status: This has not been corrected and is restated as current audit finding 2015-02.

Finding 2014-03:

No internal control structure to provide for the recording of all necessary material adjustments.

Current Status: This has not been corrected and is restated as current audit finding 2015-03.

Finding 2014-04:

A material weakness was reported for a lack of internal controls to provide for the reconciliation of all bank accounts to the organization's records, a critical process to ensure the accuracy and completeness of the financial records.

Current Status: This has not been corrected and is restated as current audit finding 2015-04.

Finding 2014-05:

A material weakness was reported for a violation of state law SDCL 13-16-6, by exceeding the amount of allowable purchases of equipment, within the General Fund.

Current Status: This has been corrected.

FINDINGS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No prior federal findings exist.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

A - SUMMARY OF AUDIT RESULTS

Financial Statements

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2015-01 through 2015-04.
- 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 finding that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- f. The federal awards tested as major programs were:
 - a. Title I Grants to Local Educational Agencies 84.010
 - b. Title VIII Impact Aid 84.041
 - c. Special Education Cluster
 - i. Grants to States 84.027
 - ii. Preschool Grants 84.173
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- 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, 2015**

CURRENT FINDINGS - FINANCIAL STATEMENT AUDIT

FINDING 2015-01

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.

Statement of Condition

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.

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.

Corrective Action Plan

The Superintendent is the contact person at this entity responsible for the corrective action plan for this comment. This comment is a result of the size of the entity which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The entity has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties. Mobridge-Pollock School District No. 62-6 is aware of the problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties continues to exist.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

FINDING 2015-02

Criteria

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

Statement of Condition

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.

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.

Corrective Action Plan

The School District management is aware of their overall responsibility for the preparation of the School's financial statements and footnotes.

FINDING 2015-03

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.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Statement of Condition

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.

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.

Corrective Action Plan

The School District is continuing its work in correcting this deficiency.

FINDING 2015-04

Criteria

An organization's internal control structure should provide for the reconciliation of all bank accounts to the organization's records. The reconciliation process is critical to ensure the accuracy and completeness of the financial records as well as to prevent loss of resources.

Statement of Condition

The School District had not reconciled their pooled cash or Trust and Agency bank accounts to their records for several months. We proposed material adjustments to record transactions that were missing or recorded incorrectly in the School District's records.

Cause and Effect

This condition affects the School Districts ability to record and report financial 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, 2015**

Recommendation

We recommend the Business Manager reconcile all bank accounts in a timely manner.

Corrective Action Plan

The Business Manager will work on reconciling the bank accounts.

CURRENT FINDINGS - FEDERAL AUDIT FINDINGS

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



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mobridge-Pollock School District No. 62-6 (School District), South Dakota, as of June 30, 2015 and for the year then ended, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mobridge-Pollock School District No. 62-6, South Dakota as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standard. As described in Note 14 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in Note 18 to the financial statements, the School District has retroactively restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Pension Schedules and Schedule of Funding Progress on pages 44 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Combining Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance listed in the Table of Contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2015 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.



Mobridge, South Dakota
November 5, 2015

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 4,003,229	\$ 54,867	\$ 4,058,096
Certificates of deposit	499,906	-	499,906
Taxes receivable	1,213,518	-	1,213,518
Other assets	287,428	28,015	315,443
Inventories	-	23,679	23,679
Restricted cash and cash equivalents	130,428	-	130,428
Net pension asset	1,284,962	-	1,284,962
Capital assets			
Land	117,377	-	117,377
Other capital assets, net of depreciation	15,724,252	30,763	15,755,015
TOTAL ASSETS	\$ 23,261,100	\$ 137,324	\$ 23,398,424
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	1,137,742	-	1,137,742
TOTAL DEFERRED OUTFLOWS OF RESOURCES:	\$ 1,137,742	\$ -	\$ 1,137,742

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

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Accounts payable	\$ 62,715	\$ 3,773	\$ 66,488
Other current liabilities	387,476	8,928	396,404
Unearned revenue	20,214	-	20,214
Noncurrent liabilities:			
Due within one year	32,098	-	32,098
Due in more than one year	1,037,767	-	1,037,767
TOTAL LIABILITIES	\$ 1,540,270	\$ 12,701	\$ 1,552,971
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	1,488,203	-	1,488,203
Taxes levied for future period	1,109,725	6,170	1,115,895
TOTAL DEFERRED INFLOWS OF RESC	\$ 2,597,928	\$ 6,170	\$ 2,604,098
NET POSITION			
Net investment in capital assets	14,975,629	30,763	15,006,392
Restricted for			
Capital outlay purposes	1,316,707	-	1,316,707
Special education purposes	181,291	-	181,291
Capital project purposes	6,958	-	6,958
Debt service purposes	108,816	-	108,816
SDRS pension purposes	934,501	-	934,501
Pension purposes	43,305	-	43,305
Pow wow purposes	552	-	552
Student incentive purposes	21,060	-	21,060
Unrestricted	2,671,825	87,690	2,759,515
TOTAL NET POSITION	\$ 20,260,644	\$ 118,453	\$ 20,379,097

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

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		Total
					Governmental Activities	Business-Type Activities	
Primary government							
Governmental activities							
Instruction	\$ 3,128,893	\$ -	\$ 799,365	\$ -	\$ (2,329,528)	\$ -	\$ (2,329,528)
Support services	1,625,554	14,557	2,635	-	(1,608,362)	-	(1,608,362)
Community Services	57,189	-	57,189	-	-	-	-
Interest on long-term debt	68,149	-	-	-	(68,149)	-	(68,149)
Cocurricular activities	277,033	34,957	-	6,600	(235,476)	-	(235,476)
Total governmental activities	5,156,818	49,514	859,189	6,600	(4,241,515)	-	(4,241,515)
Business-type activities							
Food service	469,084	196,321	228,163	-	-	(44,600)	(44,600)
Total primary government	\$ 5,625,902	\$ 245,835	\$ 1,087,352	\$ 6,600	(4,241,515)	(44,600)	(4,286,115)
General Revenues							
Taxes							
Property taxes					2,475,386	-	2,475,386
Gross receipts taxes					146,211	-	146,211
Revenue from state sources							
State aid					2,291,619	-	2,291,619
Revenue from federal sources					548,914	-	548,914
Unrestricted investment earnings					5,155	-	5,155
Other general revenues					191,389	-	191,389
Transfers					(34,728)	34,728	-
Total general revenues					5,623,946	34,728	5,658,674
Change in net position					1,382,431	(9,872)	1,372,559
Net position - beginning					18,188,130	128,325	18,316,455
Prior Period Adjustment (Note 18)					690,083	-	690,083
Net position - ending					\$ 20,260,644	\$ 118,453	\$ 20,379,097

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

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	Major Funds					Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Capital Projects Fund	Nonmajor Funds	
ASSETS						
Cash and cash equivalents	\$ 2,430,651	\$ 1,324,940	\$ 188,473	\$ 6,958	\$ 50,779	\$ 4,001,801
Investments	499,906	-	-	-	-	499,906
Taxes receivables - current	668,377	286,897	152,613	-	28,712	1,136,599
Taxes receivables - delinquent	48,985	17,634	8,538	-	1,762	76,919
Due from other funds	5,000	-	-	-	-	5,000
Due from other governments	250,597	-	31,831	-	-	282,428
Restricted cash and cash equivalents	21,612	-	-	-	108,816	130,428
TOTAL ASSETS	\$ 3,925,128	\$ 1,629,471	\$ 381,455	\$ 6,958	\$ 190,069	\$ 6,133,081
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 26,087	\$ 32,763	\$ 3,865	\$ -	\$ -	\$ 62,715
Contracts payable	299,907	-	34,250	-	4,969	339,126
Payroll deductions and withholdings and employer matching payable	33,352	-	7,711	-	4,957	46,020
Due to other funds	2,331	-	-	-	-	2,331
Unearned revenue	14,877	-	5,337	-	-	20,214
Total Liabilities	376,554	32,763	51,163	-	9,926	470,406
Deferred Inflows of Resources						
Unavailable Revenue - Property Tax	45,856	16,505	7,995	-	1,668	72,024
Taxes levied for future period	650,935	281,130	149,544	-	28,116	1,109,725
Total Deferred Inflows of Resources	696,791	297,635	157,539	-	29,784	1,181,749
Fund balances						
Restricted						
Capital outlay purposes	-	1,299,073	-	-	-	1,299,073
Special education purposes	-	-	172,753	-	-	172,753
Capital project purposes	-	-	-	6,958	-	6,958
Debt service purposes	-	-	-	-	108,816	108,816
Pension purposes	-	-	-	-	41,543	41,543
Pow Wow purposes	552	-	-	-	-	552
Student incentive purposes	21,060	-	-	-	-	21,060
Unassigned	2,830,171	-	-	-	-	2,830,171
Total fund balance	2,851,783	1,299,073	172,753	6,958	150,359	4,480,926
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,925,128	\$ 1,629,471	\$ 381,455	\$ 6,958	\$ 190,069	\$ 6,133,081

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, 2015**

Total fund balances - governmental funds	\$	4,480,926
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.		15,841,629
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		1,284,962
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		1,137,742
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(1,488,203)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Early retirement benefits	\$94,208	
Qualified Zone Academy Bonds payable	\$866,000	
Other post-employment benefits	\$109,657	(1,069,865)
Property taxes become due and payable on January 1, each year, but are not collected/available soon enough to pay current period expenditures; therefore, they are reported as deferred inflow of resources in the fund financial statements. However, because the <i>delinquent taxes</i> are due and payable by the taxpayer at June 30, the delinquent taxes are reported as revenue on the government-wide financial statements.		72,025
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		1,427
Net position- governmental funds	\$	<u>20,260,644</u>

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Major Funds					Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Capital Projects Fund	Nonmajor Funds	
REVENUES						
Revenue from local sources						
Taxes						
Ad valorem taxes	\$ 1,407,894	\$ 629,268	\$ 331,165	\$ -	\$ 62,971	\$ 2,431,298
Prior years' ad valorem taxes	23,834	7,728	3,769	-	773	36,104
Tax deed revenue	2,535	-	-	-	-	2,535
Utility taxes	146,211	-	-	-	-	146,211
Penalties and interest on taxes	6,294	2,281	1,121	-	229	9,925
Earnings on investments and deposits	3,546	359	749	101	400	5,155
Cocurricular activities						
Admissions	33,982	-	-	-	-	33,982
Other pupil activity income	975	-	-	-	-	975
Other revenue from local sources						
Contributions and donations	7,150	6,600	549	-	-	14,299
Charges for services	12,657	-	1,900	-	-	14,557
Other	48,172	-	-	-	-	48,172
Revenue from intermediate sources						
County sources						
County appointment	81,050	-	-	-	-	81,050
Revenue from state sources						
Grants-in-aid						
Unrestricted grants-in-aid	2,291,619	-	-	-	-	2,291,619
Restricted grants-in-aid	63,037	-	99,342	-	-	162,379

(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, 2015

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Capital Projects Fund		
Revenue from federal sources						
Grants-in-aid						
Unrestricted grants-in-aid						
Received directly from the federal government	498,744	-	-	-	-	498,744
Unrestricted grants-in-aid Received from federal government through the state	18	-	-	-	-	18
Restricted grants-in-aid Received directly from the federal government	38,958	-	-	-	-	38,958
Restricted grants-in-aid Received from federal government through the state	516,570	5,480	174,760	-	-	696,810
Johnson O'Malley funds	11,194	-	-	-	-	11,194
Other federal revenues	33,173	-	-	-	-	33,173
Total Revenues	\$ 5,227,613	\$ 651,716	\$ 613,355	\$ 101	\$ 64,373	\$ 6,557,158
 EXPENDITURES						
Instruction						
Regular programs						
Elementary	\$ 999,940	\$ 2,766	\$ -	\$ -	\$ -	\$ 1,002,706
Middle/junior high	539,423	1,150	-	-	-	540,573
High school	773,216	76,595	-	-	-	849,811
Other regular programs	69,225	-	-	-	-	69,225
Special programs						
Programs for special education	-	-	501,142	-	-	501,142
Educationally deprived	216,466	-	-	-	-	216,466

(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, 2015

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Capital Projects Fund		
Support services						
Pupils						
Guidance	88,807	-	-	-	-	88,807
Health	2,134	-	-	-	-	2,134
Psychological	-	-	23,793	-	-	23,793
Speech pathology	-	-	78,675	-	-	78,675
Student therapy services	-	-	19,573	-	-	19,573
Support services - instructional staff						
Improvement of instruction	41,292	-	-	-	-	41,292
Educational media	175,639	53	-	-	-	175,692
Support services - general administration						
Board of education	33,153	-	-	-	-	33,153
Executive administration	139,152	-	-	-	-	139,152
Support services - school administration:						
Office of the principal	237,579	-	-	-	-	237,579
Other	404	-	-	-	-	404
Support services - business						
Fiscal services	116,185	-	-	-	-	116,185
Facilities acquisition and construction	-	1,682	-	2,104	-	3,786
Operation and maintenance of plant	454,319	75,488	-	-	-	529,807
Pupil transportation	43,453	-	-	-	-	43,453
Food services	10,651	-	-	-	-	10,651
Support services - special education						
Administrative costs	-	-	49,407	-	-	49,407
Community Services:						
Custody and care of children	57,189	-	-	-	-	57,189

(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, 2015

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Capital Projects Fund		
Nonprogrammed charges						
Early retirement payments	-	-	-	-	42,708	42,708
Cocurricular activities						
Male activities	44,816	-	-	-	-	44,816
Female activities	33,144	-	-	-	-	33,144
Transportation	31,242	-	-	-	-	31,242
Combined activities	120,153	7,718	-	-	-	127,871
Debt services	-	24,850	-	-	43,299	68,149
Capital outlay	-	210,973	-	148,452	-	359,425
Total expenditures	<u>\$ 4,227,582</u>	<u>\$ 401,275</u>	<u>\$ 672,590</u>	<u>\$ 150,556</u>	<u>\$ 86,007</u>	<u>\$ 5,538,010</u>
Excess of revenue over (under) expenditures	\$ 1,000,031	\$ 250,441	\$ (59,235)	\$ (150,455)	\$ (21,634)	\$ 1,019,148
Other financing sources (uses)						
Transfer in	-	-	18,229	-	86,600	104,829
Transfer out	(52,958)	(86,600)	-	-	-	(139,558)
General long term debt issued	-	26,972	-	-	-	26,972
Sale of surplusd property	2,082	3,360	-	-	-	5,442
Net other financing sources (uses)	(50,876)	(56,268)	18,229	-	86,600	(2,315)
Net change in fund balances	949,155	194,173	(41,006)	(150,455)	64,966	1,016,833
Fund balance - beginning	1,902,628	1,104,900	213,759	157,413	85,393	3,464,093
Fund Balance - Ending	<u>\$ 2,851,783</u>	<u>\$ 1,299,073</u>	<u>\$ 172,753</u>	<u>\$ 6,958</u>	<u>\$ 150,359</u>	<u>\$ 4,480,926</u>

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, 2015**

Net change in fund balances - total governmental funds	\$	1,016,833
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$359,425) exceeded depreciation expense (\$246,906) in the current period).		112,519
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.		(11,119)
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".		(4,476)
Governmental funds recognize expenditures for amounts of early retirement benefits actually paid to employees with current financial resources during the fiscal year. In the statement of activities, expenses for these benefits are recognized when the employees elect to retire early.		
Early retirement <u>\$42,707</u>		42,707
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (e.g., pension revenue)		54,276
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		190,142
The accrual of OPEB costs are not reflected in the governmental funds, but the statement of activities reflects the change in this liability from one year to the next.		(18,451)
Change in net position of governmental activities	<u>\$</u>	<u>1,382,431</u>

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
BALANCE SHEET
PROPRIETARY FUNDS
JUNE 30, 2015

	Enterprise Funds Food Service Fund	Internal Service Funds Unemployment Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 54,867	\$ 1,427
Accounts receivable	14,959	-
Due from other government	13,056	-
Inventory of supplies	2,121	-
Inventory of stores purchased for resale	15,187	-
Inventory of donated food	6,371	-
Total current assets	106,561	1,427
Noncurrent assets		
Capital assets		
Machinery and equipment	162,395	-
Less accumulated depreciation	(131,632)	-
Total noncurrent assets	30,763	-
TOTAL ASSETS	\$ 137,324	\$ 1,427
LIABILITIES		
Current liabilities		
Accounts payable	\$ 3,773	\$ -
Contracts payable	5,430	-
Payroll deductions and withholdings and employer matching payable	3,498	-
Unearned revenue	6,170	-
TOTAL LIABILITIES	\$ 18,871	\$ -
NET POSITION		
Invested in capital assets	\$ 30,763	\$ -
Unrestricted net position	87,690	1,427
TOTAL NET POSITION	\$ 118,453	\$ 1,427

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

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Enterprise Funds Food Service Fund	Internal Service Funds Unemployment Fund
OPERATING REVENUE		
Sales		
Students	\$ 150,643	\$ -
Adult	15,351	-
Ala carte	23,755	-
Other charges for goods and services	6,572	-
Total operating revenue	<u>196,321</u>	<u>-</u>
OPERATING EXPENSES		
Food Service		
Salaries	146,257	-
Employee benefits	81,514	-
Purchased services	2,646	-
Supplies	10,344	-
Cost of sales - purchased food	195,414	-
Cost of sales - donated food	28,600	-
Depreciation	4,309	-
Total Operating Expenses	<u>469,084</u>	<u>-</u>
Operating Loss	<u>(272,763)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)		
State sources		
Cash reimbursements	2,361	-
Federal sources		
Cash reimbursements	199,244	-
Donated food	26,558	-
Total nonoperating revenues	<u>228,163</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS	(44,600)	-
Transfers In	34,728	-
CHANGE IN NET POSITION	(9,872)	-
NET POSITION - BEGINNING	<u>128,325</u>	<u>1,427</u>
NET POSITION - ENDING	<u>\$ 118,453</u>	<u>\$ 1,427</u>

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Enterprise Funds	Internal Service Fund
	Food Service Fund	Unemployment Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 190,312	\$ -
Payments to suppliers	(211,388)	-
Payments to employees	(224,514)	-
Net cash used by operating activities	<u>(245,590)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash reimbursements - state sources	2,361	-
Cash reimbursements - federal sources	199,244	-
Transfers in	34,728	-
Net cash flows from noncapital financing activities	<u>236,333</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,257)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>64,124</u>	<u>1,427</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 54,867</u>	<u>\$ 1,427</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (272,763)	\$ -
Adjustments to reconcile operating loss to net cash used by operating activities		
Value of commodities used	28,600	-
Depreciation expense	4,309	-
Change in assets and liabilities		
Accounts receivable	(6,009)	-
Inventories	(4,042)	-
Accounts and other payables	4,315	-
Net Cash Used by Operating Activities	<u>\$ (245,590)</u>	<u>\$ -</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Value of commodities received	<u>\$ 26,558</u>	<u>\$ -</u>

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

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015**

	Private-Purpose Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 9,917	\$ 50,901
Investments	31,850	-
Due from other funds	-	2,331
Total assets	\$ 41,767	\$ 53,232
LIABILITIES		
Amounts held for others	\$ -	\$ 53,232
Total liabilities	\$ -	\$ 53,232
NET POSITION	\$ 41,767	\$ -

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
 STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Private-Purpose Trust Funds</u>
ADDITIONS	
Earnings on investments and deposits	<u>\$ 63</u>
TOTAL ADDITIONS	<u><u> 63</u></u>
DEDUCTIONS:	
Trust deductions for scholarships	<u>\$ 3,667</u>
TOTAL DEDUCTIONS	<u> 3,667</u>
CHANGE IN NET POSITION	(3,604)
NET POSITION - BEGINNING	<u> 45,371</u>
NET POSITION - ENDING	<u><u>\$ 41,767</u></u>

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

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
(See Independent Auditors' Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity

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

b. Basis of Presentation

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and;
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or;
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the School District financial reporting entity are described below within their respective fund types:

Governmental Funds

General Fund - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Outlay Fund - A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

Special Education Fund - A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the district. This fund is financed by grants and property taxes. This is a major fund.

Pension Fund - A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of school districts, which have established such systems, paying the District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This is not 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.

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

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.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The Special Building Fund is the only capital projects fund maintained by the School District. This is a major fund.

Proprietary Funds

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

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit-even if that government is not expected to make any payments-is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Food Service Fund - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Internal Service Fund - Internal service funds are used to report activities that provide goods or services to other funds, departments, or agencies of the School District, or to other governments, on a cost-reimbursement basis. Internal service funds are never considered to be major funds.

The Unemployment Fund is the only internal service fund maintained by the School District.

Fiduciary Funds

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

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

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

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

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2015 are reimbursements for federal program expenditures.

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

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

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

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

d. Interfund Eliminations and Reclassifications

Government-wide Financial Statements:

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

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

e. Deposits and Investments:

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

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

f. Capital Assets:

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

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

Government-Wide Statements

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

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

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The total June 30, 2015 balance of capital assets for governmental activities includes approximately 17 percent for which the costs were determined by estimates of the original costs. The total June 30, 2015 balance of capital assets for business-type activities includes approximately 12 percent for which the values were determined by estimates of the original cost. These estimated original costs were established by deflated current replacement cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which assets acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	N/A	N/A
Improvements	\$ 5,000	Straight-line	15-50 years
Buildings	\$ 5,000	Straight-line	15-50 years
Machinery and equipment	\$ 5,000	Straight-line	3-20 years
Food service equipment	\$ 5,000	Straight-line	3-15 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

g. Long-Term Liabilities

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

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

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

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h. Program Revenues

In the Government-Wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Proprietary Funds Revenue and Expense Classifications

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

j. Cash and Cash Equivalents:

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

k. Equity Classifications

Government-wide Statements

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

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

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Fund Financial Statements

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net position held in trust for other purposes.

l. Application of Net Position

It is the District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

m. Fund Balance Classification Policies and Procedures:

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

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board, Superintendent or Business Manager.

- Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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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.

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. As of June 30, 2015, the School District had no investments.

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.

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, 2015, the School District's deposits were fully insured or collateralized and were not exposed to custodial credit risk. Fifty percent of the School District's investments are in certificates of deposit at Campbell County Bank and fifty percent were certificates of deposit at Dacotah Bank.

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the fund making the investment.

NOTE 3 - RESTRICTED CASH AND INVESTMENTS

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

<u>Amount</u>	<u>Purpose</u>
\$ 552	Pow Wow
\$ 21,060	Student Incentives
\$ 108,816	Debt Service
<u>\$ 130,428</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.

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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, 2015, 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".

NOTE 7- CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Balance 7/1/2014	Increases	Decreases	Balance 06/30/15
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 117,377	\$ -	\$ -	\$ 117,377
Total capital assets, being depreciated	117,377	-	-	117,377
Capital assets, being depreciated				
Improvements	731,292	41,950		773,242
Buildings	16,112,704	176,400	-	16,289,104
Machinery and equipment	1,193,124	141,074	(85,916)	1,248,282
Total capital assets, being depreciated	18,037,120	359,424	(85,916)	18,310,628
Less accumulated depreciation for				
Improvements	206,696	28,005	-	234,701
Buildings	1,409,966	166,484	-	1,576,450
Machinery and equipment	797,605	52,417	(74,797)	775,225
Total accumulated depreciation	2,414,267	246,906	(74,797)	2,351,675
Total capital assets, being depreciated, net	15,622,853	112,518	(11,119)	15,724,252
Governmental activity capital assets, net	\$ 15,740,230	\$ 112,518	\$ (11,119)	\$ 15,841,629

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Depreciation expense was charged to functions as follows

Governmental activities		
Instruction	\$	174,935
Support services		32,011
Co-curricular activities		<u>39,960</u>

Total depreciation expense - governmental activities	\$	<u>246,906</u>
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	<u>Balance 07/01/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/15</u>
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 162,395	\$ -	\$ -	\$ 162,395
Less accumulated depreciation for Machinery and equipment	<u>127,323</u>	<u>4,309</u>	<u>-</u>	<u>131,632</u>
 Total capital assets, being depreciated, net	 <u>\$ 35,072</u>	 <u>\$ (4,309)</u>	 <u>\$ -</u>	 <u>\$ 30,763</u>

Depreciation expense was charged to functions as follows:

Business-type activities		
Food Services	\$	<u>4,309</u>

NOTE 8 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	<u>Balance 07/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
Primary government				
Governmental Activities:				
Qualified Zone	\$ 866,000	\$ -	\$ -	\$ 866,000
Early retirement benefits payable	\$ 136,915	\$ -	\$ 42,707	\$ 94,208
Total governmental activities	<u>\$ 1,002,915</u>	<u>\$ -</u>	<u>\$ 42,707</u>	<u>\$ 960,208</u>

Liabilities payable at June 30, 2015 are comprised of the following:

Qualified Zone Academy Bonds Payable:	
Payable from the Debt Service Fund	866,000
Early Retirement Payable: Payable from the Pension Fund	<u>94,208</u>
	<u>\$ 960,208</u>

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Annual Requirements to Maturity for Long-Term Debt		
June 30, 2015		
Year Ended June 30	Early Retirement	QZAB
2016	\$ 36,446	-
2017	29,950	-
2018	19,789	-
2019	8,023	-
2020 - 2021	-	-
2032	-	866,000
Totals	\$ 94,208	\$ 866,000

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

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

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

NOTE 9 - OPERATING LEASES AND MAINTENANCE SERVICE AGREEMENT

The School District currently leases a copier from Marco.

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

	Copier Lease	Total
2016	23,968	23,968
2017	23,968	23,968
2018	23,968	23,968
2019	23,968	23,968
2020	23,968	23,968
	\$ 119,840	\$ 119,840

NOTE 10 - INDIVIDUAL FUND INTERFUND TRANSACTIONS

There following interfund transfers were made for the year ended June 30, 2015.

	<u>Transfers From</u>			<u>Transfers to</u>	
	Special Ed Fund	Bond Redemption Fund	Food Service Fund	Total	
General Fund	\$ 18,229	\$ -	\$ 34,728	\$ 52,957	
Capital Outlay Fund	-	86,600	-	86,600	
Totals	\$ 18,229	\$ 86,600	\$ 34,728	\$ 139,557	

The School District transferred money from the general fund to the food service fund to subsidize the operating loss of that fund. The transfer from General Fund to Special Education was to fund a retention bonus paid. The transfer to the Bond Redemption fund from the Capital Outlay fund was to move the debt service payment to that account.

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NOTE 11 - INDIVIDUAL INTERFUND BALANCES AND TRANSACTIONS

Interfund receivable and payable balances at June 30, 2015, were:

Fund	Interfund Receivable	Interfund Payables
General	\$ -	\$ 2,331
Trust & Agency Fund	2,331	
TOTALS	\$ 2,331	\$ 2,331

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS - HEALTHCARE PLAN

Plan Description - Sanford Health Plan is a single-employer defined benefit healthcare plan administered by the Mobridge-Pollock School District. The Sanford Health Plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16. Benefit provisions were established and may be amended during the negotiated agreement process between district certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

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

The entity's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the financial components of the plan:

Annual Required Contribution (ARC)	40,328
Interest on Net OPEB Obligation	2,736
Adjustment to Annual Required Contribution	(4,518)
Annual OPEB Cost	38,546
Contribution Made	(20,095)
Increase (Decrease) in Net OPEB Obligation	18,451
Net OPEB Obligation - Beginning of the Year	91,206
Net OPEB Obligation (Asset) - End of year	109,657

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The School District's annual OPEB cost data and net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2011	\$ 88,110	50.10%	\$ 153,906
June 30, 2012	\$ 50,509	102.70%	\$ 108,576
June 30, 2013	\$ 51,503	104.80%	\$ 106,086
June 30, 2014	\$ 52,549	52.13%	\$ 91,206
June 30, 2015	\$ 38,546	52.10%	\$ 109,657

Funded Status and Funding Progress - As of June 30, 2015, the most recent actuarial valuation date, the plan's statistics

Actuarial Accrued Liability	\$ 301,910
Actuarial value of Benefit Assets	\$ -
Unfunded Actuarial Accrued Liability	\$ 301,910
Funded Ratio	0%
Covered Payroll	3,201,507
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	18.41%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions for the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Unit Credit Actuarial Cost Method was used to determine the annual required contribution. The actuarial assumptions include a 3.25 percent rate of return and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 1.5 percent after 45 years. Both rates include a 2 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortized period at June 30, 2015 was 30 years.

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NOTE 13 - RESTRICTED NET POSITION

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

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay purposes	Law	\$ 1,316,707
Special Education purposes	Law	\$ 181,291
Capital Project purposes	Law	\$ 6,958
Other Purposes		
Debt Service purposes	Debt Covenants	\$ 108,816
Pension purposes	Law	\$ 43,305
SDRS pension purposes	Law	\$ 934,501
Pow Wow	Donor	\$ 552
Student Incentives	Donor	\$ 21,060
Total Restricted Net Position		<u>\$ 2,613,190</u>

NOTE 14 - PENSION PLAN

Plan Information:

All permanent employees working twenty or more hours per week participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 109, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

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The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
 - 90.0% to 99.9% funded — 2.1% minimum and 2.8% maximum COLA
 - 80.0% to 90.0% funded — 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% -- 2.1% COLA

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 Cooperative's share of contributions to the SDRS for the years ended June 30, 2015, 2014 and 2013 were \$190,232, 187,224 and, \$185,297, 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, 2015, SDRS is 107.28% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2015 are as follows:

Proportionate share of net position restricted for pension benefits	\$ 18,918,922
Less proportionate share of total pension	17,633,960
Proportionate share of net pension asset	<u><u>\$ 1,284,962</u></u>

At June 30 2015, the District reported an asset of \$1,284,962 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014 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, 2014, the School District's proportion was .1783533%.

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For the year ended June 30, 2015, the School District recognized pension revenue of \$54,276. At June 30, 2015 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ 108,725	
Changes in assumption	\$ 838,785	
Net difference between projected and actual earnings on pension plan investments		\$ 1,488,203
District contributions subsequent to the measurement date	\$ 190,232	
Total	<u>\$ 1,137,742</u>	<u>\$ 1,488,203</u>

\$190,232 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, 2016. 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:	
2015	(102,105)
2016	(102,105)
2017	(102,105)
2018	(234,378)
TOTAL	<u>\$ (540,693)</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary Increases	5.83 percent at entry to 3.87 percent after 30 years of
Investment Rate of Return	7.25 percent through 2016 and 7.50 percent thereafter, net of pension plan investment expense

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

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The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2010. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

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, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	64.00%	4.70%
Fixed Income	26.00%	1.80%
Real Estate	8.00%	5.50%
Cash	2.00%	0.80%
Total	100.00%	

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

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 7.25 percent through 2016 and 7.50 percent thereafter, 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 (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension asset	\$ 1,269,785	\$ (1,284,962)	\$ (3,368,626)

Pension Plan Fiduciary Net Position

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

NOTE 15 - SPECIAL TERMINATION BENEFITS

The School District maintains an early retirement program. Eligible employees at least 55 years of age with 15 years of service to the School District may elect early retirement benefits. The payment will be 20% of the current year's negotiated base salary until reaching the age of 62. For all employees beginning early retirement after July 1, 2008, benefits will be extended to age 65. As of June 30, 2015, the School was paying benefits to five qualified individuals.

NOTE 16 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2015 the School District managed its risks as follows:

Employee Health Insurance

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

Liability Insurance

The School District purchases liability insurance for risks related to torts, theft or damage to property; and errors and omissions of public officials and vehicle coverage from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workmen's Compensation

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

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, 2015, no claims were filed for unemployment benefits. At June 30, 2015, no claims had been filed or were outstanding for unemployment benefits and none are anticipated in the next fiscal year.

NOTE 17 - LITIGATION

At June 30, 2015, the School District was not involved in any litigation.

NOTE 18 - PRIOR PERIOD ADJUSTMENT

The District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions – *An Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of July 1, 2014 as follows:

Net Position July 1, 2014, as previously	\$ 18,188,130
Restatement for pension accounting:	
Net Pension Asset	502,859
Pension related Deferred Outflows of Resources	<u>187,224</u>
Net Position July 1, 2014, as restated	<u><u>\$ 18,878,213</u></u>

NOTE 19 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through November 5, 2015, the date on which the financial statements were available to be issued. Management has determined there are none.

REQUIRED SUPPLEMENTARY INFORMATION

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 1,283,423	1,283,423	\$ 1,407,894	\$ 124,471
1120	Prior years' ad valorem taxes	-	-	23,834	23,834
1130	Tax deed revenue	-	-	2,535	2,535
1140	Utility Tax	135,000	135,000	146,211	11,211
1190	Penalties and interest on taxes	4,782	4,782	6,294	1,512
1510	Earnings on investments and deposits	48,300	48,300	3,546	(44,754)
1700	Cocurricular activities				
1710	Admissions	31,000	31,000	33,982	2,982
1790	Other pupil activities	1,500	1,500	975	(525)
1900	Other revenue from local sources				
	Contributions and donations	-	-	7,150	7,150
	Charges for services	30,000	30,000	12,657	(17,343)
	Other	25,000	25,000	48,172	23,172
2000	Revenue from intermediate sources				
2100	County sources				
2110	County apportionment	70,000	70,000	81,050	11,050
3000	Revenue from state sources				
	Grants-in-aid				
3110	Unrestricted grants-in-aid	2,312,082	2,312,082	2,291,619	(20,463)
3120	Restricted grants-in-aid	-	-	63,037	63,037
4000	Revenue from federal sources				
	Grants-in-aid				
4120	Unrestricted grants-in-aid received from federal govt through the state	-	-	18	18
4140	Restricted grants-in-aid Received directly from federal government	33,200	33,200	38,958	5,758
4150-4199	Restricted grants-in-aid received from federal government through the state	390,218	502,367	516,570	14,203
4900	Other Johnson O-Malley funds	8,600	8,600	33,173	25,173
		8,600	8,600	11,194	2,594
	Total revenue	\$ 4,373,105	\$ 4,493,254	\$ 4,728,869	\$ 235,615

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final	Positive (Negative)		
EXPENDITURES					
1000	Instruction				
1100	Regular programs				
1111	Elementary	\$ 973,358	1,085,507	\$ 999,940	\$ 85,567
1121	Middle/junior high	506,789	506,789	539,423	(32,634)
1131	High School	786,029	786,029	773,216	12,813
	Other regular programs	42,790	42,790	69,225	(26,435)
1200	Special programs				
1270	Educationally deprived	209,973	209,973	216,466	(6,493)
2000	Support services				
2100	Pupils				
2120	Guidance	85,333	85,333	88,807	(3,474)
2134	Health	3,500	3,500	2,134	1,366
2200	Support services-instructional staff				
2210	Improvement of instruction	10,612	10,612	41,292	(30,680)
2220	Educational media	182,830	182,830	175,639	7,191
2300	Support services-general administration:				
2310	Board of education	41,167	41,167	33,153	8,014
2321	Executive administration	141,454	141,454	139,152	2,302
	Support services-school administration				
2410	Office of the Principal	231,354	231,354	237,579	(6,225)
2490	Other	2,000	2,000	404	1,596
2500	Support services-business				
2529	Fiscal services	122,606	122,606	116,185	6,421
2540	Operation and maintenance of plant	479,230	479,230	454,319	24,911
2550	Pupil Transportation	29,696	29,696	43,453	(13,757)
2560	Food services	20,813	20,813	10,651	10,162
	Community Services				
3500	Custody and care of children	87,373	87,373	57,189	30,184
6000	Cocurricular activities				
6100	Male activities	57,250	57,250	44,816	12,434
6200	Female activities	39,605	39,605	33,144	6,461
6500	Transportation	40,611	40,611	31,242	9,369
6900	Combined activities	128,228	128,228	120,153	8,075

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015**

Data Control Codes	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			
7000	Contingencies				
	Amount transferred	15,000	15,000	-	15,000
10	Total Expenditures	\$ 4,237,601	\$ 4,349,750	\$ 4,227,582	\$ 122,168
	Excess revenue over/under expenditures	\$ 135,504	\$ 143,504	\$ 501,287	\$ 357,783
	Other financing sources/(uses)				
	Transfers In	-	-	150,850	150,850
	Transfers Out	(25,000)	-	(52,958)	(52,958)
	Sale of Surplus Property	-	-	2,082	2,082
	Net change in fund balances	110,504	143,504	601,261	457,757
	Fund balance - beginning	1,902,628	1,902,628	1,902,628	-
	Fund balance - ending	\$ 2,013,132	\$ 2,046,132	\$ 2,503,889	\$ 457,757

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 573,705	\$ 573,705	\$ 629,268	\$ 55,563
1120	-	-	7,728	7,728
1190	-	-	2,281	2,281
1500	500	500	359	(141)
1920	-	-	6,600	6,600
4000	Revenue from federal sources			
4150	-	-	5,480	5,480
	<u>574,205</u>	<u>574,205</u>	<u>651,716</u>	<u>77,511</u>
EXPENDITURES:				
1000	Instruction			
1100	Regular programs			
1110	37,000	37,000	2,766	34,234
1120	37,000	37,000	14,218	22,782
1130	47,000	47,000	76,595	(29,595)
2000	Support services			
2200	Support services - instructional staff			
2220	101,000	101,000	9,203	91,797
2500	Support services - business			
2530	-	-	12,083	(12,083)
2540	339,409	339,409	145,923	193,486
2550	-	-	107,919	(107,919)
5000	87,000	87,000	24,850	62,150
	Cocurricular Activities:			
6900	23,000	23,000	7,718	15,282
10	<u>671,409</u>	<u>671,409</u>	<u>401,275</u>	<u>270,134</u>
	Excess of revenue over (under) expenditures/net change in fund balances			
	<u>(97,204)</u>	<u>(97,204)</u>	<u>250,441</u>	<u>347,645</u>
	Other financing uses			
	Transfer out			
	-	-	(86,600)	(86,600)
	Transfer in			
	97,204	97,204	-	(97,204)
	General Long Term Debt Issue			
	-	-	26,972	26,972
	Sale of surplus property			
	-	-	3,360	3,360
	<u>-</u>	<u>-</u>	<u>194,173</u>	<u>194,173</u>
	Net change in fund balances			
	<u>1,104,900</u>	<u>1,104,900</u>	<u>1,104,900</u>	<u>-</u>
	Fund balance - beginning			
	<u>\$ 1,104,900</u>	<u>\$ 1,104,900</u>	<u>\$ 1,299,073</u>	<u>\$ 194,173</u>
	Fund balance - ending			

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL EDUCATION FUND - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015**

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	\$ 267,729	\$ 267,729	\$ 331,165	\$ 63,436
1120	Prior years' ad valorem taxes	-	-	3,769	3,769
1190	Penalties and interest on taxes	-	-	1,121	1,121
	Earnings on investments and deposits	400	400	749	349
	Contributions and donations	-	-	549	549
1990	Charges for services	-	-	1,900	1,900
3000	Revenue from state sources				
	Grants-in-aid				
3120	Restricted grants-in-aid	181,583	181,583	99,342	(82,241)
4000	Revenue from federal sources				
	Grants-in-aid				
	Restricted grants-in-aid received from federal government through the state	180,617	180,617	174,760	(5,857)
	Total revenue	630,329	630,329	613,355	(16,974)
EXPENDITURES					
	Instruction				
1200	Special programs				
1220	Programs for special education	513,560	513,560	501,142	12,418
2000	Support services				
2100	Pupils				
2149	Psychological	44,000	44,000	23,793	20,207
2150	Speech pathology	137,539	137,539	78,675	58,864
2170	Student therapy services	75,219	75,219	19,573	55,646
2700	Support services - special education				
2710	Administrative costs	-	-	49,407	(49,407)
2730	Transportation costs	1,000	1,000	-	1,000
10	Total expenditures	771,318	771,318	672,590	98,728

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL EDUCATION FUND - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of revenue over (under) expenditures/net change in fund balances	(140,989)	(140,989)	(59,235)	81,754
Transfer In	140,989	140,989	18,229	122,760
Net change in fund balance	-	-	(41,006)	204,514
Fund balance - beginning	213,759	213,759	213,759	-
Fund balance -ending	\$ 213,759	\$ 213,759	\$ 172,753	\$ 204,514

**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, 2015**

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, 2015

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, 2015:

U.S. GAAP Basis Fund Balance	\$ 2,851,783
Less: portion comprised of unspent Impact Aid revenue	<u>\$ (347,894)</u>
Budgetary Basis Fund Balance	<u><u>\$ 2,503,889</u></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**

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1783533%
District's proportionate share of net pension liability (asset)	\$ (1,284,962)
District's covered-employee payroll	\$ 3,201,507
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-40%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.286863%

* 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.

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

	<u>2015</u>
Contractually required contribution	\$ 190,232
Contributions in relation to the contractually required contribution	<u>\$ 190,232</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 3,201,507
Contributions as a percentage of covered-employee payroll	6.00%

MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
Schedule of Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Contributions

Changes of benefit terms:

No changes were made.

Changes of assumptions:

No changes were made.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (Unit Credit)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UUAL as of Percentage of Covered Payroll
June 30, 2010	-	545,474	545,474	0%	2,652,575	20.56%
June 30, 2011	-	535,175	535,175	0%	2,616,473	20.45%
June 30, 2012	-	445,956	445,956	0%	2,422,513	18.41%
June 30, 2015	-	301,910	301,910	0%	3,201,507	9.43%

SUPPLEMENTARY INFORMATION

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Pension Fund	Bond Redemption Fund	
ASSETS			
Cash and cash equivalents	\$ 50,779	\$ -	\$ 50,779
Taxes receivable	28,712	-	28,712
Taxes receivable - delinquent	1,762	-	1,762
Restricted cash	-	108,816	108,816
Total Assets	<u>\$ 81,253</u>	<u>\$ 108,816</u>	<u>\$ 190,069</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES & FUND BALANCES			
Liabilities:			
Contracts payable	\$ 4,969	\$ -	\$ 4,969
Payroll deductions and withholdings	4,957	-	4,957
Total Liabilities	<u>\$ 9,926</u>	<u>\$ -</u>	<u>\$ 9,926</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	\$ 1,668	\$ -	\$ 1,668
Taxes levied for future period	28,116	-	28,116
Total Deferred Inflows of Resources	<u>29,784</u>	<u>-</u>	<u>29,784</u>
Fund Balances:			
Restricted for:			
Pension Purposes	41,543	-	41,543
Debt service purposes	-	108,816	108,816
Total Fund Balances	<u>41,543</u>	<u>108,816</u>	<u>150,359</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 81,253</u>	<u>\$ 108,816</u>	<u>\$ 190,069</u>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	<u>Pension Fund</u>	<u>Bond Redemption Fund</u>	
REVENUES			
Revenue from local sources			
Taxes			
Ad valorem taxes	\$ 62,971	\$ -	\$ 62,971
Prior years' ad valorem taxes	773	-	773
Penalties and interest on taxes	229	-	229
Earnings on investments and deposits	30	370	400
Total Revenues	<u>\$ 64,003</u>	<u>\$ 370</u>	<u>\$ 64,373</u>
EXPENDITURES			
Instruction			
Early retirement payments	\$ 42,708	\$ -	\$ 42,708
Debt services	-	43,299	43,299
Total expenditures	<u>\$ 42,708</u>	<u>\$ 43,299</u>	<u>\$ 86,007</u>
Excess of revenue over (under) expenditures	\$ 21,295	\$ (42,929)	\$ (21,634)
Other financing sources (uses)			
Transfer in	-	86,600	86,600
Net change in fund balances	21,295	43,671	64,966
Fund balance - Beginning	20,248	65,145	85,393
Fund Balance - Ending	<u>\$ 41,543</u>	<u>\$ 108,816</u>	<u>\$ 150,359</u>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Disbursements/ Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Pass-through the SD Department of Education		
Child nutrition cluster		
Non-Cash Assistance (Commodities)		
National School Lunch Program	10.555	26,558
Cash Assistance		
School breakfast program (Note 3)	10.553	34,522
National School Lunch Program (Note 2)	10.555	151,664
Summer Food Service Program for Children	10.559	<u>13,057</u>
Total child nutrition cluster		225,801
Other Programs		
Fresh Fruit & Vegetable Program	10.582	<u>13,059</u>
Total U.S. Department of Agriculture		<u>238,860</u>
U.S. DEPARTMENT OF THE INTERIOR		
Direct federal funding		
Indian education - assistance to schools -		
Johnson-O-Malley (Note 2)	15.130	10,868
Pass-through the SD Department of Education:		
Distribution of Receipts to State & Local Governr	15.227	<u>18</u>
Total U.S. Department of the Interior		<u>10,886</u>
U.S DEPARTMENT OF EDUCATION		
Direct federal funding		
Impact Aid (Title VIII of ESEA)	84.041	150,849
Indian education - grants to local educational agencies	84.060	38,958
Pass-through the SD Department of Education		
Title I grants to local educational agencies	84.010	207,225
Special Education Cluser:		
Special Education - Grants to States - Flow Tl	84.027	148,347
Special Education - Preschool Grants (Note 2)	84.173	<u>6,469</u>
Total Special Education Cluser		154,816
Twenty-First Century Community Learning C	84.287	57,189
Rural Education	84.358	2,546

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO 62-6
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Disbursements/ Expenditures
Improving Teach Quality State Grants (Title II Part A)	84.367	63,570
Career and Technical Education - Basic Grants to the States	84.048	7,893
Indian Education-Special Programs for	84.378	2,635
Total U.S. Department of Education		685,681
Total Expenditures		935,427

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School District and is presented on the modified accrual/full accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE 2 - 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.