LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
LARIMORE, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
ROSTER OF SCHOOL OFFICIALS
JUNE 30, 2020

Todd Yahna	President
Mitch McCoy	Vice President
Henry Borysewicz	Board Member
Meg Farrell	Board Member
Wanda Asperheim	Board Member
Steven Swiontek	Superintendent
Shauna Sather	Business Manager

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Larimore Public School District No. 44
Larimore, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Larimore Public School District No. 44, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from 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 entity'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 entity'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Larimore Public School District No. 44, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of District's Contributions to the TFFR and NDPERS pension plans, schedule of District's Contributions to the NDPERS OPEB plan, schedule of District's proportionate share of net pension liability and schedule of District's proportionate share of net OPEB liability as listed in the table of contents 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The roster of school officials and the combining non-major fund statements, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The roster of school officials on page 1 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's 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 District's internal control over financial reporting and compliance.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

November 4, 2020

The discussion and analysis of Larimore Public School District's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2019-2020 fiscal years are as follows:

- Net position of the District decreased $20,936 over the prior year as a result of the current year's operations.
- Governmental net position totaled $(1,217,452).
- Total revenues from all sources were $5,533,752.
- Total expenses were $5,554,688.
- The District's general fund had $5,318,645 in total revenues and $5,156,884 in expenditures. Overall, the general fund balance increased by $169,261 for the year ended June 30, 2020, compared to an increase of $169,217 in the previous year.

Using this Annual Report

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand Larimore Public School District No. 44 as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during the year ended June 30, 2020?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, liabilities, deferred inflows and deferred outflows using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in North Dakota, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and Building Fund. The District's non-major governmental fund is the Special Reserves Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Financial Analysis of the District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2020 and 2019.

As indicated in the financial highlights, the District's net position decreased by $20,936. Net position may serve over time as a useful indicator of the District's financial position.

The District's net position of $(1,217,452) is segregated into three separate categories. Net investment in capital assets represents 162% of the District's entire net position. It should be noted that these assets are not available for future spending. Restricted net position represents 42% of the District's net position. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted net position represents (305)% of the District's net position. The unrestricted net position is available to meet the District's ongoing obligations.

Table 1	2020	2019
Assets		
Current Assets	$ 1,893,435	$ 1,728,978
Capital Assets (Net of Accumulated Depreciation)	3,130,541	3,190,706
Total Assets	5,023,976	4,919,684
Deferred Outflows of Resources	900,364	1,059,738
Liabilities		
Current Liabilities	256,919	193,665
Long-Term Liabilities	5,924,112	6,475,568
Total Liabilities	6,181,031	6,669,233
Deferred Inflows of Resources	960,761	506,705
Net Position		
Net Investment in Capital Assets	1,963,279	1,962,365
Restricted	526,768	556,047
Unrestricted	(3,707,499)	(3,714,928)
Total Net Position	$ (1,217,452)	$ (1,196,516)

Table 2 shows the changes in net position for the fiscal years ended June 30, 2020 and 2019.

Table 2	2020	2019
Revenues		
Program Revenues		
Charges for Services	$ 236,186	$ 282,304
Operating Grants and Contributions	445,996	384,491
General Revenues		
Taxes	1,576,158	1,469,630
State Aid	3,239,050	3,187,956
Investment Earnings (Losses)	36,362	35,585
Total Revenues	5,533,752	5,359,966
Expenses		
Business Support Services	178,240	123,230
Instructional Support Services	81,022	78,216
Administration	190,477	204,784
Operations and Maintenance	636,748	580,779
Transportation	273,592	267,665
Regular Instruction	2,680,663	2,629,767
Special Education	881,676	853,043
Vocational Education	170,672	174,433
Extra-Curricular Activities	208,189	205,467
Food Services	223,172	180,076
Interest and Fees on Long-Term Debt	30,237	31,908
Total Expenses	5,554,688	5,329,368
Change in Net Position	(20,936)	30,598
Net Position - Beginning	(1,196,516)	(1,227,114)
Net Position - Ending	$ (1,217,452)	$ (1,196,516)

Property taxes constituted 28%, state aid 59%, operating grants and contributions 8%, and charges for services made up 4% of the total revenues of governmental activities of the District for fiscal year 2020.

Regular instruction comprised 48% of District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table 3	Total Cost for Year Ended 6/30/2020	Net Cost for Year Ended 6/30/2020	Total Cost for Year Ended 6/30/2019	Net Cost for Year Ended 6/30/2019
Business Support Services	$ 178,240	$ (178,240)	$ 123,230	$ (123,230)
Instructional Support Services	81,022	(81,022)	78,216	(78,216)
Administration	190,477	(190,477)	204,784	(204,784)
Operations and Maintenance	636,748	(635,748)	580,779	(580,779)
Transportation	273,592	(146,477)	267,665	(139,315)
Regular Instruction	2,680,663	(2,487,032)	2,629,767	(2,413,008)
Special Education	881,676	(790,501)	853,043	(776,129)
Vocational Education	170,672	(135,360)	174,433	(142,165)
Extra-Curricular Activities	208,189	(182,444)	205,467	(183,657)
Food Services	223,172	(14,968)	180,076	10,618
Interest and Fees on Debt	30,237	(30,237)	31,908	(31,908)
Total Expenses	$ 5,554,688	$ (4,872,506)	$ 5,329,368	$ (4,662,573)

Business support services and administration include expenses associated with administrative and financial supervision of the District.

Instructional support services include the activities involved with assisting staff with the content and process of teaching to pupils.

Operation and maintenance of plant activities involve maintaining the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Special education includes costs that support the education of students with other needs.

Vocational education includes expenditures that support the teaching of vocational type instruction.

Extracurricular activities include expenses related to student activities provided by the District, which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Food Services include expenses directly dealing with providing breakfast and lunch service to students and staff of the District.

Interest on long-term debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

Financial Analysis of the District's Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally may be used as a measure of the District's net resources available for spending at the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The District's governmental funds had total revenues and other financing sources of $5,533,752 and $5,359,966 and expenditures of $5,554,688 and $5,329,368 for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, the fund balance of the District's general fund was $1,184,175 and $1,014,914 and the building fund was $396,301 and $461,365 and total fund balance for all the District's governmental funds were $1,715,294 and $1,563,216, respectively.

General Fund Budgeting Highlights

Over the course of the year, the District revised the annual operating budget with small adjustments.

Actual revenues were $12,848 higher than expected and actual expenditures were $200,356 under what was budgeted due to higher federal revenues than what was expected and our regular instructional costs were lower than expected due to the pandemic (no buses due to distance learning, all meals were reimbursed by USDA, lower heat expenses, etc.). The District uses a conservative approach to budgeting by estimating revenues at a lower number.

Capital Assets

As of June 30, 2020 and 2019, the District had $3,130,541 and $3,190,706, respectively, invested in capital assets. Table 4 shows balances as of June 30, 2020 and 2019. Please see Note 4 for detailed information.

Table 4

	2020	2019
Land	$ 847,707	$ 847,707
Construction in Progress	62,378	-
Buildings	1,521,668	1,558,936
Equipment	698,788	784,063
Totals	$ 3,130,541	$ 3,190,706

Long-Term Liabilities

As of June 30, 2020, the District had $6,050,112 in long-term liabilities. The District decreased its overall long-term liabilities by $493,535 from June 30, 2019. See below and Note 5 for a description of the District's debt.

Table 5	Balance July 1, 2019	Issued	Amount Retired During Year	Balance June 30, 2020
School Building Bonds of 2016	$ 1,210,000	$ -	$ 60,000	$ 1,150,000
Bond Premium	18,341	-	1,079	17,262
Early Retirement	14,000	66,000	14,000	66,000
Compensated Absences	17,272	-	1,975	15,297
Net OPEB Liability	38,105	11,233	12,490	36,848
Net Pension Liability	5,245,929	1,369,131	1,850,355	4,764,705
	$ 6,543,647	$ 1,446,364	$ 1,939,899	$ 6,050,112

For the Future

The Larimore School District continues to improve its budgeting process and again did not deficit spend for the 2019-20 school year. We finished the school year with a positive of balance of more than $160,000. This positive balance is the result of continued increases in efficiency as practiced by staff, faculty, and administration. Currently we are projecting a positive balance at the end of this school year 2020-21. We have improved our ability to project our ending balance by closely examining our expenditures and revenues.

The District is still projecting a balanced budget for 2020-21 even with the issues that have resulted due to the COVID pandemic. The additional federal funds (ESSER, CORP, Resiliency) will allow the District to increase purchases of technology equipment to assist distance learners, increase sanitation practices, provide additional salary to employees who have had to increase their work time and workload due to COVID. We should be able to expend 100% of these federal funds.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. You may request a copy of this report by contacting Shauna Sather, Business Manager, Larimore Public School District, P.O. Box 769, 300 Booth Avenue, Larimore, ND 58251-0769, or email at shauna.sather@k12.nd.us

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	
Cash and Investments	$ 1,789,967
Federal Receivables	35,682
Property Taxes Receivable	67,786
Total Current Assets	1,893,435
Capital Assets	
Land	847,707
Construction in Progress	62,378
Buildings	2,649,950
Equipment	2,441,825
Less Accumulated Depreciation	(2,871,319)
Total Capital Assets, Net of Depreciation	3,130,541
TOTAL ASSETS	5,023,976
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	608,947
Cost Sharing Defined Benefit Pension Plan - NDPERS	279,462
Cost Sharing Defined Benefit OPEB Plan - NDPERS	11,955
TOTAL DEFERRED OUTFLOWS OF RESOURCES	900,364
LIABILITIES	
Payroll Deductions	118,419
Interest Payable	12,500
Bonds Payable Due Within One Year	60,000
Early Retirement Due Within One Year	66,000
Total Current Liabilities	256,919
Long-Term Liabilities	
Bonds Payable (Net of Current Maturities)	1,107,262
Compensated Absences	15,297
Net OPEB Liability	36,848
Net Pension Liability	4,764,705
Total Non-Current Liabilities	5,924,112
TOTAL LIABILITIES	6,181,031
DEFERRED INFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	587,909
Cost Sharing Defined Benefit Pension Plan - NDPERS	367,120
Cost Sharing Defined Benefit OPEB Plan - NDPERS	5,732
TOTAL DEFERRED INFLOWS OF RESOURCES	960,761
NET POSITION	
Net Investment in Capital Assets	1,963,279
Restricted for Special Reserve	136,705
Restricted for Building Projects	390,063
Unrestricted	(3,707,499)
TOTAL NET POSITION	$ (1,217,452)

See Notes to the Financial Statements

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES				
Business Support Services	$ 178,240	$ -	$ -	$ (178,240)
Instructional Support Services	81,022	-	-	(81,022)
Administration	190,477	-	-	(190,477)
Operations and Maintenance	636,748	-	1,000	(635,748)
Transportation	273,592	-	127,115	(146,477)
Regular Instruction	2,680,663	126,941	66,690	(2,487,032)
Special Education	881,676	-	91,175	(790,501)
Vocational Education	170,672	-	35,312	(135,360)
Extra-Curricular Activities	208,189	20,745	5,000	(182,444)
Food Services	223,172	88,500	119,704	(14,968)
Interest and Fees on Long-Term Debt	30,237	-	-	(30,237)
TOTAL GOVERNMENTAL ACTIVITIES	$ 5,554,688	$ 236,186	$ 445,996	(4,872,506)
GENERAL REVENUES				
Property Taxes, Levied for General Purposes				1,374,686
Property Taxes, Levied for Special Reserve				46,424
Property Taxes, Levied for Capital Projects				155,048
Aids and Payments from the State				3,239,050
Unrestricted Investment Earnings				36,362
TOTAL GENERAL REVENUES				4,851,570
Change in Net Position				(20,936)
Net Position - Beginning				(1,196,516)
Net Position - Ending				$ (1,217,452)

See Notes to the Financial Statements

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Building Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 1,260,036	$ 395,365	$ 134,566	$ 1,789,967
Federal Receivables	35,682	-	-	35,682
Property Taxes Receivable	58,449	7,198	2,139	67,786
TOTAL ASSETS	$ 1,354,167	$ 402,563	$ 136,705	$ 1,893,435
LIABILITIES				
Payroll Deductions	$ 118,419	$ -	$ -	$ 118,419
TOTAL LIABILITIES	118,419	-	-	118,419
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Delinquent Taxes	51,573	6,262	1,887	59,722
TOTAL DEFERRED INFLOWS OF RESOURCES	51,573	6,262	1,887	59,722
FUND BALANCES				
Restricted for Special Reserve	-	-	134,818	134,818
Restricted for Building Projects	-	396,301	-	396,301
Unassigned	1,184,175	-	-	1,184,175
TOTAL FUND BALANCES	1,184,175	396,301	134,818	1,715,294
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,354,167	$ 402,563	$ 136,705	$ 1,893,435

See Notes to the Financial Statements

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances - governmental funds		$ 1,715,294
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 as assets in government funds:		
Cost of capital assets	$ 6,001,860	
Less: accumulated depreciation	(2,871,319)	
Net		3,130,541
Net deferred outflows/(inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.		(60,397)
Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.		59,722
Bond premiums that are amortized over the life of the debt issue		(17,262)
Long-term liabilities, including special assessments, are not due and payable in the current period and therefore, are not recorded as liabilities in the governmental funds.		
Bonds Payable		(1,150,000)
Compensated Absences		(15,297)
Early Retirement		(66,000)
Net OPEB Liability		(36,848)
Net Pension Liability		(4,764,705)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental fund.		(12,500)
Net Position - Governmental Activities		$ (1,217,452)

See Notes to the Financial Statements

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Building Fund	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Property Tax Levies	$ 1,368,453	$ 155,048	$ 46,424	$ 1,569,925
Other Local and County Revenues	241,186	1,000	-	242,186
Revenue From State Sources	3,401,476	-	-	3,401,476
Revenue From Federal Sources	277,569	-	-	277,569
Gain/(Loss) on Fair Value Investments	21,879	-	-	21,879
Interest	8,082	4,944	1,457	14,483
TOTAL REVENUES	5,318,645	160,992	47,881	5,527,518
EXPENDITURES				
Current:				
Business Support Services	178,240	-	-	178,240
Instructional Support Services	81,022	-	-	81,022
Administration	190,477	-	-	190,477
Operations and Maintenance	501,742	135,006	-	636,748
Transportation	221,485	-	-	221,485
Regular Instruction	2,348,737	-	-	2,348,737
Special Education	881,676	-	-	881,676
Vocational Education	170,672	-	-	170,672
Extra-Curricular Activities	208,189	-	-	208,189
Food Services	223,172	-	-	223,172
Capital Outlay:	151,472	-	-	151,472
Debt Service:				
Principal Retirement	-	60,000	-	60,000
Interest and Fees on Long-Term Debt	-	31,050	-	31,050
TOTAL EXPENDITURES	5,156,884	226,056	-	5,382,940
Excess (Deficiency) of Revenues over (under) Expenditures	161,761	(65,064)	47,881	144,578
Other Financing Sources (Uses)				
Sale of Assets	7,500	-	-	7,500
Total Other Financing Sources (Uses)	7,500	-	-	7,500
Net Change in Fund Balances	169,261	(65,064)	47,881	152,078
Fund Balance - Beginning of Year	1,014,914	461,365	86,937	1,563,216
Fund Balance - End of Year	$ 1,184,175	$ 396,301	$ 134,818	$ 1,715,294

See Notes to the Financial Statements

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Total net changes in fund balances - Governmental Funds		$ 152,078
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the useful lives as depreciation expense.		
Capital Outlays	$ 151,472	
Depreciation Expense	(196,387)	(44,915)
Net Book Value on Assets Disposed		(15,250)
Repayment of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.		60,000
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These items consisted of the (increase)/decrease in:		
Early Retirement	$ (52,000)	
Compensated Absences	1,975	(50,025)
Some revenues will not be collected for several months after the District's fiscal year end. These revenues are not considered "available" revenues in the governmental funds. These consist of:		
Net change in unavailable property taxes		6,233
Changes in deferred outflows and inflows of resources related to net pension liability		(613,430)
Amortization of premiums received from bond issuance		1,079
Change in OPEB liability		1,257
Change in net pension liability		481,224
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest decreased by $813.		813
Change in net position - Governmental Activities		$ (20,936)

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
STATEMENT OF ASSETS AND LIABILITIES – FIDUCIARY FUND
JUNE 30, 2020

ASSETS	
Cash and Cash Equivalents	$ 216,122
TOTAL ASSETS	$ 216,122
LIABILITIES	
Due to Student Groups	$ 216,122
TOTAL LIABILITIES	$ 216,122

See Notes to the Financial Statements

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Larimore Public School District operates the public schools in the City of Larimore, North Dakota. There is one elementary school and one junior/senior high school.

Reporting Entity - Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of an organization's governing body and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources. Component units may also include organizations that are fiscally dependent on the District. Fiscal dependence can include the District's approval of the budget, issuance of debt, and/or levying of taxes for the organization.

Based on these criteria, there are no component units to be included within the District's reporting entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Basis of Presentation

The District's basic financial statements consist of government-wide statements and fund financial statements.

Government-Wide Financial Statements:

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements display information about the District as a whole.

The statement of net position presents the financial condition of the governmental activities of the District at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. The statement identifies the extent to which each governmental function is self-financing or drawing from the general revenues of the District. Direct expenses are expenses that are specifically associated with a service, program or department. The direct expenses are clearly identifiable to a particular function. Program revenues include charges to recipients for goods or services offered by the program, grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District.

As a general rule, the effect of interfund activity has been eliminated from the district-wide statements.

The Government-wide financial statements do not include fiduciary funds of component units that are fiduciary in nature.

Fund Financial Statements:

In order to aid financial management and to demonstrate legal compliance, the District segregates transactions related to certain functions or activities in separate funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The focus of the governmental fund financial statements is on major funds. Each major fund is presented as a separate column in the fund financial statements. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

Fund Accounting

The District's funds consist of the following:

Governmental Funds:

Governmental funds are utilized to account for most of the District's governmental functions. The reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which the obligation will be paid. Fund balance represents the difference between the governmental fund assets, deferred inflows of resources, and liabilities. The District's major governmental funds are as follows:

General Fund:
This fund is the general operating fund of the District. It accounts for all financial resources except those requiring to be accounted for in another fund.

Building Fund:
This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for constructing and equipping new school facilities and renovation of existing facilities.

Non-major governmental funds are as follows:

Special Reserve:
The Special Reserve fund is used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for specified purposes. Included in this category are the transactions for the special reserve fund.

Fiduciary Funds:

The District's only fiduciary fund is an agency fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund consists of the following:

Student Activity Fund:
The fund accounts for the financial transactions related to the District's student activity programs.

Measurement Focus and Basis of Accounting

Measurement Focus:

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred inflows and outflows of resources, and liabilities associated with the operation of the District are included in the statement of net position.

Fund Financial Statements:

The governmental funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources and uses of current financial resources.

The current financial resources measurement focus differs from the manner, which the governmental activities of the government-wide financial statements are prepared. Due to the difference, the District's financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds.

Basis of Accounting:

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Government-wide financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District's governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are generally recorded as the related fund liability is incurred.

Revenues-Exchange and Non-Exchange Transactions:

Exchange transactions are transactions in which each party gives and receives essentially equal value. Under the accrual basis of accounting, revenue for exchange transactions is recorded when the exchange takes place. Under the modified accrual basis of accounting, revenue for exchange transactions is recorded when the resources are measurable and available.

Non-exchange transactions include transactions in which the District receives value without directly providing value in return. Non-exchange transactions include property taxes, grants, entitlements, and donations.

Under the accrual basis of accounting, property taxes are recorded as revenue in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recorded in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenue from non-exchange transactions must also be available before it is recorded in the financial records of the District.

Major revenue sources susceptible to accrual include: property taxes, intergovernmental revenues and investment income.

Unearned Revenues:

Unearned revenue arises when assets are recognized in the financial statements before the revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenues.

On the governmental fund financial statements, receivables that will not be collected during the availability period have been reported as unearned revenue.

Expenses and Expenditures:

Governmental funds accounting measurement focus is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recorded in the fiscal year in which the related fund liability is incurred. Under the accrual basis of accounting, expenses are recorded when incurred.

Budgets and Budgetary Accounting:

The District’s board follows the procedures established by North Dakota law for the budgetary process. The governing body of each School District, annually on or before the last day of July, must levy taxes. The governing body of the School District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year. Taxes for School District purposes must be based upon an itemized budget statement which must show the complete expenditure by program of the District for the current fiscal year and the sources of the revenue from which it is to be financed. The School Board, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the District and to provide a sinking fund to pay and discharge the principal thereon at maturity.

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

1. The administration prepares the District's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.

2. The Board reviews the budget, may make revisions, and adopts the final budget on or before August 15 of each year. The budget is then filed with the county auditor by August 25 of each year.

3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10 of each year. The budget amounts shown in the financial statements are the final authorized amounts.

4. All appropriations lapse at the close of the District’s fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

Cash and Cash Equivalents:

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments:

Investments are recorded at market value. North Dakota State statute authorizes school districts to invest their surplus funds in: a) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality's, or organizations created by an act of Congress, b) Securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation of the state, d) Obligations of the state.

Fair Value Measurements:

The Organization accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

Capital Assets:

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-wide Statement of Net Position but are not reported as assets in the Fund Financial Statements. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the District's fiscal year. The District has established a capitalization threshold of $750. Donated fixed assets are recorded at their acquisition values at the date received. The District does not have any infrastructure assets. Improvements that significantly extend the useful life of the asset are also capitalized.

The District's land and construction in progress costs are capitalized but are not depreciated. All the remaining capital assets are depreciated over their estimated useful lives on a straight-line basis. The District has established the following useful lives:

Buildings	50 years
Furniture and Equipment	5 to 20 years

Compensated Absences:

Vacation pay applies to full-time staff and recorded as an expenditure when paid. Sick leave accrues at a rate of $10 per day up to a maximum of 80 days. Upon termination, an employee will be paid for any unused sick days.

Retirement Payable:

A teacher or administrator who reaches the rule of 85 and has 10 consecutive years at the school district is eligible for a retirement payment. The payment shall be a proportion of the employee's current annual salary. The payment may be in one or two installments.

Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District's government wide financial statements. The District's governmental fund financials report only those obligations that will be paid from current financial resources.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employee Retirement System (NDPERS) and Teachers' Fund for Retirement (TFFR) and additions to/deductions from NDPERS and TFFR's fiduciary net position have been determined on the same basis as they are reported by NDPERS and TFFR. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance Classifications:

In the fund financial statements, governmental funds report fund balance in the classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

> *Nonspendable* – consists of amounts that are not in spendable form, such as inventory and prepaid items.
>
> *Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions and administered by the North Dakota Department of Public Instruction.
>
> *Committed* – consists of internally imposed constraints. These constraints are established by Resolution of the Board of Education.
>
> *Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the Board of Education and/or management.
>
> *Unassigned* – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the District's preference is to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, the District's preference is to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

Net Position:

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/expenditure) until then. The District has two items reported on the statement of net position as *cost sharing defined benefit pension plan and cost sharing defined benefit OPEB plan*, which represents actuarial differences within the NDPERS and TFFR pension plans and NDPERS OPEB plan as well as contributions to the plans made after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has two items reported on the statement of net position *as cost sharing defined benefit pension plan and cost sharing defined benefit OPEB plan*, which represents the actuarial differences within the NDPERS and TFFR pension plans and NDPERS OPEB plan.

Inter-fund Activity:

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Inter-fund activities within the District's governmental activities and its business-type activities, are eliminated in the statement of activities.

Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Revenue Recognition - Property Taxes:

Taxes receivable consist of current and delinquent uncollected taxes at June 30, 2020.

Property taxes attach as an enforceable lien on property January 1. A five percent reduction is allowed if paid by February 15. Penalty and interest are added March 15 if the first half-of-the taxes have not been paid. Additional penalties are added October 15, if not paid. Taxes are collected by the county and usually remitted monthly to the School District.

Property tax revenue in the governmental funds is recognized in compliance with National Council of Government Accounting (NCGA) Interpretation 3, "Revenue Recognition - Property Taxes". This interpretation states that property tax revenue is recorded when it becomes available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property tax revenue is recorded as revenue in the year the tax is levied in the government - wide financial statements. Property taxes are limited by state laws. All School District tax levies are in compliance with state laws.

Significant Group Concentrations of Credit Risk:

As of June 30, 2020, the District's receivables consist of amounts due from other governmental units within the State of North Dakota.

NOTE 3 CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

In accordance with North Dakota laws, the District maintains deposits at a depository authorized by the School Board. The depository is a member of the Federal Reserve System.

North Dakota laws require that all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal at least 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral includes the legal investments described below, as well as certain first mortgage notes, and certain other state or local government obligations. North Dakota laws require that securities pledged as collateral be held in safekeeping by the District treasurer or in a financial institution other than that furnishing the collateral.

At June 30, 2020, the carrying amount of the District's deposits was $1,819,554 and the bank balance was $1,826,170. The entire bank balance was covered by Federal Depository Insurance or by collateral held by the District's Agent in the District's name in amounts sufficient to meet North Dakota legal requirements.

As of June 30, 2020, the District had the following investments and maturities:

					Fair Value Measurments Using				
	6/30/2020	Less than One Year	1-5 Years	6-10 Years	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Rating	Agency
Investments by Fair Value Level									
Debt Securities									
Bank of America	$ 29,988	$ -	$ -	$ -	$ -	$ 29,988	$ -	A2	Moody's
Berkshire Hathaway Finance Corp	25,526	-	-	-	-	25,526	-	Aa2	Moody's
DirecTV Holdings	26,030	-	-	-	-	26,030	-	BBB	S&P
General Electric Capital Corporation	26,166	-	-	-	-	26,166	-	Baa1	Moody's
Nike, Inc.	26,309	-	-	-	-	26,309	-	A1	Moody's
Verizon Communications, Inc.	25,979	-	-	-	-	25,979	-	Baa1	Moody's
Wells Fargo & Co.	26,537	-	-	-	-	26,537	-	A3	Moody's
Total Investments by Fair Value Level	$ 186,535	$ -	$ -	$ -	$ -	$ 186,535	$ -		

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Credit Risk

The District may also invest idle funds as authorized by North Dakota laws, as follows:

a. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.

b. Securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.

c. Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.

d. Obligations of the state.

Interest Rate Risk

The 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 District places no limit on the amount the District may invest in any one issuer.

Custodial Credit Risk – Investments

The investments are not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

During the current year, the District invested idle funds of $186,535 in publicly traded debt securities with maturity dates exceeding 270 days. As a result, the District is not in compliance with North Dakota Century Code Section 21-06-07.

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in the general fixed assets account group during the year:

	Balance July 1, 2019	Additions	Disposals	Balance June 30, 2020
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 847,707	$ -	$ -	$ 847,707
Construction in Progress	-	62,378	-	62,378
Total	847,707	62,378	-	910,085
Capital Assets Being Depreciated				
Buildings	2,649,950	-	-	2,649,950
Furniture & Equipment	2,395,397	89,094	(42,666)	2,441,825
Total	5,045,347	89,094	(42,666)	5,091,775
Less Accumulated Depreciation				
Buildings	1,091,014	37,268	-	1,128,282
Furniture & Equipment	1,611,334	159,119	(27,416)	1,743,037
Total	2,702,348	196,387	(27,416)	2,871,319
Net Capital Assets Being Depreciated	2,342,999	(107,293)	(15,250)	2,220,456
Net Capital Assets for Governmental Activities	$ 3,190,706	$ (44,915)	$ (15,250)	$ 3,130,541

In the governmental activities section of the Statement of Activities, depreciation expense was charged to the following governmental functions:

	Depreciation	Additions
Transportation	$ 45,129	$ 16,979
Regular Instruction	151,258	134,493
	$ 196,387	$ 151,472

NOTE 5 LONG-TERM LIABILITIES

A summary of long-term liabilities are as follows:

Title	Interest Rate	Original Maturity	Balance 6/30/2019 As Restated	Additions	Reductions	Balance 6/30/2020	Due within One Year
School Building Bonds of 2016	2.00-3.00%	08-01-2035	$ 1,210,000	$ -	$ 60,000	$ 1,150,000	$ 60,000
Bond Premium			18,341	-	1,079	17,262	-
Early Retirement			14,000	66,000	14,000	66,000	66,000
Compensated Absences			17,272	-	1,975	15,297	-
Net OPEB Liability			38,105	11,233	12,490	36,848	-
Net Pension Liability			5,245,929	1,369,131	1,850,355	4,764,705	-
			$ 6,543,647	$ 1,446,364	$ 1,939,899	$ 6,050,112	$ 126,000

Compensated absences and early retirement are generally liquidated by the general fund.

Interest expense was $30,237 for the year ended June 30, 2020.

Annual debt service requirements to maturity are as follows:

	Fiscal Year Ending June 30	Principal	Interest	Total
School Building Bonds of 2016				
	2021	$ 60,000	$ 29,400	$ 89,400
	2022	60,000	28,200	88,200
	2023	65,000	26,950	91,950
	2024	65,000	25,650	90,650
	2025	65,000	24,350	89,350
	2026-2030	350,000	98,225	448,225
	2031-2035	400,000	43,350	443,350
	2036	85,000	1,275	86,275
		$ 1,150,000	$ 277,400	$ 1,427,400

At June 30, 2020, rental commitments under operating leases were not significant.

NOTE 6 FUND BALANCE

A. Classifications

At June 30, 2020, a summary of the governmental fund balance classifications is as follows:

	Special Reserve Fund	Building Fund	Total
Restricted for:			
Special Reserve	$ 134,818	$ -	$ 134,818
Building	-	396,301	396,301
Total Restricted	$ 134,818	$ 396,301	$ 531,119

Restricted fund balances reflect resources restricted for statutorily defined purposes not accounted for in a separate fund. At June 30, 2020, there were the following accounts:

Restricted for Special Reserve:
This account represents funds, which can be used whenever collections from taxes levied for the current budget, are insufficient to meet the requirements of such budget.

Restricted for Building:
This account represents funds held by the School District available to pay for Building projects.

B. Minimum Fund Balance Policy

The Board of Education has not formally adopted a fund balance policy for the General Fund, however, the Board tries to maintain a fund balance of no less than 10% of the General Fund's current annual operating expenditure budget.

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATEWIDE

Substantially, all employees of the District are required by state law to belong to pension plans administered by Teacher's Fund for Retirement (TFFR) or the North Dakota Public Employees Retirement System (NDPERS), both of which are administered on a statewide basis.

Disclosures relating to these plans follow:

North Dakota Teacher's Fund For Retirement

The following brief description of TFFR is provided for general information purposes only. Participants should refer to NDCC Chapter 15-39.1 for more complete information.

TFFR is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

Responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two active teachers, one active school administrator, and two retired members. The TFFR Board submits any necessary or desirable changes in statutes relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contribution rates.

Pension Benefits

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

Tier 1 Grandfathered

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 1 Non-grandfathered

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 2

A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Death and Disability Benefits

Death benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.

An active member is eligible to receive disability benefits when: (a) total disability lasting 12 months or more does not allow the continuation of teaching, (b) the member has accumulated five years of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

Member and Employer Contributions

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

Pension Costs

At June 30, 2020, the District reported a liability of $4,187,858 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2019, the Employer's proportion was 0.304073 percent which was a decrease of 0.024262 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Employer recognized pension expense of $363,801. At June 30, 2020, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 5,980	$ 151,141
Changes in actuarial assumptions	148,844	-
Difference between projected and actual investment earnings	58,949	-
Changes in proportion	119,889	436,768
Contributions paid to TFFR subsequent to the measurement date	275,285	-
Total	$ 608,947	$ 587,909

$275,285 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2021	$ 8,634
2022	(90,757)
2023	(37,138)
2024	(28,598)
2025	(51,240)
Thereafter	(55,148)

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.25% to 14.50%, varying by service, including inflation and productivity
Investment rate of return	7.75%, net of investment expenses
Cost-of-living adjustments	None

For active and inactive members, mortality rates were based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2014. For healthy retirees, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table set back one year, multiplied by 50% for ages under 75 and grading up to 100% by age 80, projected generationally using Scale MP-2014. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years.

The actuarial assumptions used were based on the results of an actuarial experience study dated April 30, 2015. They are the same as the assumptions used in the July 1, 2019, funding actuarial valuation for TFFR.

As a result of the April 30, 2015 actuarial experience study, the TFFR Board adopted several assumption changes, including the following:

- Investment return assumption lowered from 8% to 7.75%.
- Inflation assumption lowered from 3% to 2.75%.
- Total salary scale rates lowered by 0.25% due to lower inflation.
- Added explicit administrative expense assumption, equal to prior year administrative expense plus inflation.
- Rates of turnover and retirement were changed to better reflect anticipated future experience.
- Updated mortality assumption to the RP-2014 mortality tables with generational improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of July 1, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	58.00%	6.90%
Global Fixed Income	23.00%	2.10%
Global Real Assets	18.00%	5.40%
Cash Equivalents	1.00%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.75% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2019, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2019. 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 as of June 30, 2019.

Pension Liability Sensitivity

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease in Discount Rate 6.75%	Discount Rate 7.75%	1% Increase in Discount Rate 8.75%
District's proportionate share of the TFFR net pension liability:	$ 5,655,744	$ 4,187,858	$ 2,968,006

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TFFR financial report. TFFR's Comprehensive Annual Financial Report (CAFR) is located a www.nd.gov/rio/sib/publications/cafr/default.htm.

North Dakota Public Employees' Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is $25 and the maximum may not exceed the following:

1 to 12 months of service – Greater of one percent of monthly salary or $25
13 to 24 months of service – Greater of two percent of monthly salary or $25
25 to 36 months of service – Greater of three percent of monthly salary or $25
Longer than 36 months of service – Greater of four percent of monthly salary or $25

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability of $576,847 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2019, the District's proportion was 0.049216 percent, which was a decrease of 0.002318 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of $87,256. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 342	$ 104,687
Difference between contribution and proportionate share contribution	11,137	77,362
Changes in actuarial assumptions	215,553	185,071
Difference between projected and actual investment earnings	10,050	-
Contributions paid to NDPERS subsequent to the measurement date	42,380	-
Total	$ 279,462	$ 367,120

$42,380 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense Amount
2021	$ 1,295
2022	(15,700)
2023	(35,675)
2024	(62,196)
2025	(17,762)

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	Service at Beginning of Year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 30	10.00%
	30 - 39	7.50%
	40 - 49	6.75%
	50 - 59+	6.50%
	60+	5.25%

*Age-based salary increase rates apply for employees with three or more years of service

Investment rate of return	7.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected rate of return on pension plan investments was determined using a building-block 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.00%	6.25%
International Equity	21.00%	6.95%
Private Equity	7.00%	10.15%
Domestic Fixed Income	23.00%	2.11%
Global Real Assets	19.00%	5.41%

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease in Discount Rate 6.50%	Discount Rate 7.50%	1% Increase in Discount Rate 8.50%
District's proportionate share of the NDPERS net pension liability:	$ 827,075	$ 576,847	$ 366,612

Pension Plan Fiduciary Net Position

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

NOTE 8 DEFINED BENEFIT OPEB PLAN

Defined Benefit OPEB Plan

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expenses. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as *"prefunded credit applied"* on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to $5.00 for each of the employee’s, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the District reported a liability of $36,848 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2019, the District's proportion was 0.045877 percent, which was a decrease of 0.0039 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of $4,171. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 910	$ 1,151
Changes of assumptions	4,392	-
Net difference between projected and actual earnings on OPEB plan investments	41	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	-	4,581
District contributions subsequent to the measurement date	6,612	-
Total	$ 11,955	$ 5,732

$6,612 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ending June 30:	
2021	$ (328)
2022	179
2023	117
2024	(263)
2025	(100)
Thereafter	6

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Not applicable
Investment rate of return	7.25%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2019 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Large Cap Domestic Equities	33.00%	6.00%
Small Cap Domestic Equities	6.00%	7.30%
International Equities	21.00%	6.95%
Domestic Fixed Income	40.00%	2.07%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 7 percent, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net OPEB liability	$ 47,031	$ 36,848	$ 28,131

Pension Plan Fiduciary Net Position

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

NOTE 9 RISK MANAGEMENT

The 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.

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The District pays an annual premium to NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses on one million dollars per occurrence.

The District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of $2,000,000 for its employees. The state Bonding Fund does not currently charge any premium for this coverage.

The District participates in the North Dakota Worker's Compensation Bureau and purchases commercial insurance for employee health and accident insurance.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 10 CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 11 NON-MONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its hot lunch program. The market value of commodities received for the year ended June 30, 2020 was $18,733.

NOTE 12 TRANSFERS

The District had no transfers as of June 30, 2020.

NOTE 13 TAX ABATEMENTSB

Grand Forks County and Nelson County and certain political subdivisions within the county can negotiate property tax abatement agreements with the individuals and various commercial entities/businesses. Grand Forks County and the political subdivisions within have the following types of tax abatement agreements with various individuals and commercial entities at June 30, 2020.

The District will state individually the parties whom received a benefit of the reduction in taxes of 20% or greater when compared to the total reduction of taxes for all tax abatement programs.

New and Expanding Business Exemption

Businesses that are primarily industrial, commercial, retail or service are eligible for property tax incentives for new and expanding businesses if they meet state requirements (NDCC 40.57.1-03) and the guidelines stated below.

The following criteria are only guidelines.

General criteria — The governing body of the city or county may grant a partial or complete exemption from ad valorem taxation on all buildings, structures, fixtures, and improvements used in or necessary to the operation of a project for a period not exceeding five years from the date of commencement of project operations. The governing body may also grant a partial or complete exemption from ad valorem taxation on buildings, structures, fixtures, and improvements used in or necessary to the operation of a project that produces or manufactures a product from agricultural commodities for all or part of the sixth year through the tenth year from the date of commencement of project operations.

As a result of agreements made by the county and city, the School District had a reduction in taxes as noted.

<u>Reduction in Taxes – Due to Agreements with Other Entities</u>
Total program reduction in taxes – $64,651

New Residence

Single Family property owners are eligible for property tax incentives for the specified property that meet state requirements (NDCC 57-02-08(35)).

General Criteria – Up to one hundred fifty thousand dollars of the true and full value of all new single-family and condominium and townhouse residential property, exclusive of the land on which it is situated, is exempt from taxation for the first two taxable years after the taxable year in which construction is completed and the residence is owned and occupied for the first time if all the following conditions are met:

a. The governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits, has approved the exemption of the property by resolution. A resolution adopted under this subsection may be rescinded or amended at any time. The governing body of the city or county may limit or impose conditions upon exemptions under this subsection, including limitations on the time during which an exemption is allowed.

b. Special assessments and taxes on the property upon which the residence is situated are not delinquent.

As a result of agreements made by the county and city, the School District had a reduction in taxes as noted.

<u>Reduction in Taxes – Due to Agreements with Other Entities</u>
Total program reduction in taxes – $321

NOTE 14 NEW PRONOUNCEMENTS

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 provides additional guidance for determining whether a primary government is financially accountable for a potential component unit.* This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Management has not yet determined the effect these statements will have on the District's financial statements.

NOTE 15 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through November 4, 2020, which is the date these financial statements were available to be issued.

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
BUDGETARY COMPARISON SCHEDULE OF THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			
	Original	Final	Actual	Over (Under) Final Budget
REVENUES				
Local Property Tax Levies	$ 1,374,824	$ 1,375,271	$ 1,368,453	$ (6,818)
Other Local and County Revenues	288,850	293,850	241,186	(52,664)
Revenue From State Sources	3,472,358	3,394,064	3,401,476	7,412
Revenue From Federal Sources	220,150	227,612	277,569	49,957
Gain/(Loss) on Fair Value Investments	2,500	7,000	21,879	14,879
Interest	8,000	8,000	8,082	82
TOTAL REVENUES	5,366,682	5,305,797	5,318,645	12,848
EXPENDITURES				
Business Support Services	216,750	233,150	178,240	(54,910)
Instructional Support Services	83,754	83,754	81,022	(2,732)
Administration	219,758	201,608	190,477	(11,131)
Operations and Maintenance	527,566	525,399	501,742	(23,657)
Transportation	240,589	258,404	221,485	(36,919)
Regular Instruction	2,606,581	2,575,392	2,348,737	(226,655)
Special Education	897,446	867,170	881,676	14,506
Vocational Education	190,913	189,613	170,672	(18,941)
Extra-Curricular Activities	224,035	214,083	208,189	(5,894)
Food Services	193,489	208,667	223,172	14,505
Capital Outlay	-	-	151,472	151,472
TOTAL EXPENDITURES	5,400,881	5,357,240	5,156,884	(200,356)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,199)	(51,443)	161,761	213,204
OTHER FINANCING SOURCES (USES)				
Transfers In	40,000	55,000	-	(55,000)
Sale of Assets	-	-	7,500	7,500
TOTAL OTHER FINANCING SOURCES (USES)	40,000	55,000	7,500	(47,500)
Net Change in Fund Balance	5,801	3,557	169,261	165,704
Fund Balances - Beginning	1,014,914	1,014,914	1,014,914	-
Fund Balances - Ending	$ 1,020,715	$ 1,018,471	$ 1,184,175	$ 165,704

See Note to the Budgetary Comparison Schedule

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The District's Board follows the procedures established by North Dakota law for the budgetary process. The governing body of each School District, annually on or before the last day of July must levy taxes. The governing body of the School District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year. Taxes for School District purposes must be based upon an itemized budget statement which must show the complete expenditure by program of the District for the current fiscal year and the sources of the revenue from which it is to be financed. The School Board, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the District and to provide a sinking fund to pay and discharge the principal thereon at maturity. During the current year, budgeted expenditures exceeded actual expenditures by $200,356.

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

1. The administration prepares the District's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.

2. The Board reviews the budget, may make revisions, and adopts the final budget on or before August 15th of each year. The budget is then filed with the county auditor by August 25th of each year.

3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10th of each year. The budget amounts shown in the financial statements are the final authorized amounts.

4. All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE TFFR AND NDPERS PENSION PLANS
LAST TEN YEARS

Teachers Fund for Retirement

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2020	$ 275,285	$ 275,285	$ -	$ 2,159,099	12.75%
2019	271,978	271,978	-	2,133,160	12.75%
2018	284,586	284,586	-	2,232,051	12.75%
2017	274,929	274,929	-	2,156,303	12.75%
2016	268,763	268,763	-	2,107,946	12.75%
2015	248,224	248,224	-	1,946,851	12.75%

North Dakota Public Employees Retirement System

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2020	$ 42,380	$ 42,380	$ -	$ 593,115	7.15%
2019	39,708	39,708	-	557,698	7.12%
2018	42,425	42,425	-	595,857	7.12%
2017	41,022	41,022	-	576,146	7.12%
2016	41,489	41,489	-	582,705	7.12%
2015	40,099	40,099	-	563,187	7.12%

The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for prior years is not available.

See Notes to the Required Supplementary Information

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE NDPERS OPEB PLAN
LAST TEN YEARS

North Dakota Public Employees Retirement System – OPEB

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2020	$ 6,612	$ 6,612	$ -	$ 579,962	1.14%
2019	6,358	6,358	-	557,698	1.14%
2018	6,793	6,793	-	595,857	1.14%

The District implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is not available.

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN YEARS

Teachers Fund for Retirement

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered - Employee Payroll	Proportionate Share Liability (Asset) as a Percentage of its Covered - Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.3041%	$ 4,187,858	$ 2,133,160	196.32%	65.50%
2019	0.3283%	4,376,237	2,232,051	196.06%	65.50%
2018	0.3195%	4,387,946	2,156,303	203.49%	63.20%
2017	0.3244%	4,753,188	2,107,946	225.49%	59.20%
2016	0.3165%	4,139,362	1,946,851	212.62%	62.10%
2015	0.3565%	3,735,561	2,067,930	180.64%	66.60%

North Dakota Public Employees Retirement System

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered - Employee Payroll	Proportionate Share Liability (Asset) as a Percentage of its Covered - Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.0492%	$ 576,847	$ 511,925	112.68%	71.66%
2019	0.0515%	869,692	529,417	164.27%	62.80%
2018	0.0584%	939,146	596,468	157.45%	61.98%
2017	0.0569%	554,244	573,106	96.71%	70.46%
2016	0.0645%	438,847	574,956	76.33%	77.15%
2015	0.0594%	377,050	500,404	75.35%	77.70%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for prior years is not available.

See Notes to the Required Supplementary Information

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST TEN YEARS

North Dakota Public Employees Retirement System – OPEB

For the Fiscal Year Ended June 30	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered - employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.0459%	$ 36,848	$ 511,925	7.20%	63.13%
2018	0.0484%	38,105	529,417	7.20%	61.89%
2017	0.0551%	43,612	596,468	7.31%	59.78%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

The District implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is not available.

NOTE 1 CHANGES OF ASSUMPTIONS

TFFR

Amounts reported in 2016 and later reflect the following actuarial assumption changes based on the results of an actuarial experience study dated April 30, 2015.

- Investment return assumption lowered from 8% to 7.75%.
- Inflation assumption lowered from 3% to 2.75%.
- Total salary scale rates lowered by 0.25% due to lower inflation.
- Added explicit administrative expense assumption, equal to prior year administrative expense plus inflation.
- Rates of turnover and retirement were changed to better reflect anticipated future experience.
- Updated mortality assumption to the RP-2014 mortality tables with generational improvement.

NDPERS

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.75% to 7.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

OPEB

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.75% to 7.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

NOTE 2 CHANGES OF BENEFIT TERMS

NDPERS

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

OPEB

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.75% to 7.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Reserve	Total Non-Major Gov'tl Funds
ASSETS		
Cash and Investments	$ 134,566	$ 134,566
Taxes Receivable	2,139	2,139
TOTAL ASSETS	$ 136,705	$ 136,705
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Delinquent Taxes	$ 1,887	$ 1,887
TOTAL DEFERRED INFLOWS OF RESOURCES	1,887	1,887
FUND BALANCES		
Restricted	134,818	134,818
TOTAL FUND BALANCES	134,818	134,818
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 136,705	$ 136,705

LARIMORE PUBLIC SCHOOL DISTRICT NO. 44
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Reserve	Total Non-Major Gov'tl Funds
REVENUES		
Local Property Tax Levies	$ 46,424	$ 46,424
Interest	1,457	1,457
TOTAL REVENUES	47,881	47,881
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,881	47,881
Net Changes in Fund Balances	47,881	47,881
Fund Balance - Beginning of Year	86,937	86,937
Fund Balance - End of Year	$ 134,818	$ 134,818

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*

To the Board of Education
Larimore Public School District No. 44
Larimore, North Dakota

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of Larimore Public School District No. 44 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Larimore Public School District No. 44's internal control over financial reporting (internal control) as a basis for designing 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 Larimore Public School District No. 44's internal control. Accordingly, we do not express an opinion on the effectiveness of Larimore Public School District No. 44's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 to be significant deficiencies.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Larimore Public School District No. 44's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 an instance of non-compliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2020-003.

The District's Responses To Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements 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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

November 4, 2020

2020-001 Finding

Criteria
To provide reasonable assurance that segregation of duties take place while also taking into account the size of the District.

Condition
The District has one employee who is responsible for all accounting functions involved. The employee handles all income monies, prepares the receipts documents, prepares the deposits, issues all checks and distributes them, receives the bank statements and does the reconciliations. The employee also records the receipts and disbursements to the journals and maintains the general ledger.

Cause
There is only one business manager and due to the District's size, they are unable to hire more staff.

Effect
Lack of segregation of duties leads to a limited degree of internal control.

Recommendation
The District should separate the duties when it becomes feasible. As a compensating control, the District should ensure additional oversight by the superintendent and board regarding financial transaction activity.

Management's Response
The Superintendent reviews and signs off on the unopened bank statements. The Superintendent also reviews and signs off on all the bank reconciliations.

2020-002 Finding

Criteria
The District does not identify all journal entries required to maintain a general ledger and prepare full-disclosure financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

Condition
The District's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the District currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The District has elected to have the auditors assist in the preparation of the financial statements and notes.

Cause
The District elected to not allocate resources for the preparation of the financial statements.

Effect
There is an increased risk of material misstatement to the District's financial statements.

Recommendation
We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Management's Response
The District will continue to have the auditor prepare the financial statements; however, the District has established an internal control policy to document the annual review of the financial statements.

2020-003 Finding

Criteria
The North Dakota Century Code Section 21-06-07 does not permit governments to invest idle funds in publicly traded securities with maturity dates exceeding 270 days.

Condition
The District has $186,535 invested in publicly traded securities with maturity dates exceeding 270 days from purchase date.

Cause
The District had finalized investments before being aware of the North Dakota Century Code.

Effect
The District is not in compliance with the North Dakota Century Code Section 21-06-07.

Recommendation
We recommend that the District transfer the funds into investments allowed by the North Dakota Century Code Section 21-06-07.

Management's Response
We were not aware of the requirements in Century Code until after the investments had been finalized. By that time, it was too late to get out of them without a negative impact on the District. The accounts are being watched to make sure they perform as projected and any reinvested funds, or future investments, will be invested in line with Century Code. Until then, these will be allowed to mature and expire according to the plan.