

**MAPLETON PUBLIC SCHOOL DISTRICT #7**

**FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**WITH INDEPENDENT AUDITOR'S REPORT**

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## TABLE OF CONTENTS

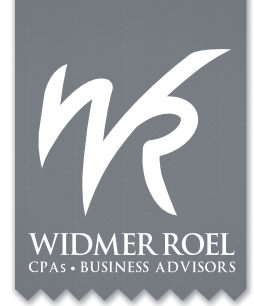
	<u>Page(s)</u>
Independent Auditor's Report	1 - 3
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>2021</b>	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	8
Reconciliation of Governmental Funds Statement of Revenues Expenditures and Changes in Fund Balances to the Statement of Activities	9
<b>2020</b>	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Funds	12
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	14
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	15
Notes to Financial Statements	16 - 40

# **MAPLETON PUBLIC SCHOOL DISTRICT #7**

## **TABLE OF CONTENTS**

### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Employer's Share of Net Pension and OPEB Liability	41
Schedule of Employer Contributions	42
Budgetary Comparison Schedule - General Fund	43-44
Notes to Required Supplementary Information	45-47
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	48 - 49
Schedule of Findings and Responses	50 - 51



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## INDEPENDENT AUDITOR'S REPORT

School Board and Administration  
**Mapleton Public School District #7**  
Mapleton, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Mapleton Public School District #7**, as of and for the year ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise **Mapleton Public School District #7's** basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Mapleton Public School District #7**, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Mapleton Public School District #7**, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in Note 8 to the financial statements, the 2019 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Mapleton Public School District #7's** ability to continue as a going concern twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Mapleton Public School District #7's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Mapleton Public School District #7's** ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2025, on our consideration of the **Mapleton Public School District #7’s** internal control over financial reporting and on our test 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 **Mapleton Public School District #7’s** internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Wilmer Poel". The signature is stylized with a large, looped initial "W" and a long, sweeping horizontal stroke at the end.

Fargo, North Dakota  
August 28, 2025

**MAPLETON PUBLIC SCHOOL DISTRICT #7****STATEMENT OF NET POSITION****JUNE 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,481,729
Taxes receivable	41,494
Accounts receivable	37,240
Capital assets, net of accumulated depreciation	
Buildings	6,652,670
Vehicles	49,452
Furniture and equipment	<u>89,740</u>
Total assets	<u>8,352,325</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension and OPEB related deferred outflows of resources	<u>945,668</u>
Total assets and deferred outflows of resources	<u>\$ 9,297,993</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 34,903
Salaries and benefits payable	135,274
Interest payable	58,379
Long-term liabilities due within one year	
Long-term debt payable	345,636
Certificate of indebtedness payable	35,000
Compensated absences payable	<u>20,810</u>
Total current liabilities	<u>630,002</u>
Long-term liabilities due after one year	
Long-term debt, net of current portion	5,872,778
Certificate of indebtedness	145,260
Compensated absences payable	182,167
Net pension and OPEB liability	<u>2,486,768</u>
Total long-term liabilities	<u>8,686,973</u>
Total liabilities	<u>9,316,975</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension and OPEB related deferred inflows of resources	<u>156,761</u>
<b>NET POSITION</b>	
Net investment in capital assets	573,448
Restricted for	
Building	116,401
Debt service	394,224
Unrestricted	<u>(1,259,816)</u>
Total net position	<u>(175,743)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,297,993</u>

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Change in Net Position Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>GOVERNMENTAL ACTIVITIES</b>				
Regular instruction	\$ 1,981,541	\$ 7,539	\$ 314,475	\$ (1,659,527)
Federal programs	304,252	-	-	(304,252)
Instructional staff services	11,642	-	-	(11,642)
Executive administration	241,367	-	-	(241,367)
Administration services	138,870	-	-	(138,870)
Operations and maintenance	175,227	-	-	(175,227)
Student activities	10,037	8,476	-	(1,561)
Student transportation	18,366	-	-	(18,366)
Food service	165,452	7,872	-	(157,580)
Debt service - interest	142,976	-	-	(142,976)
	<u>3,189,730</u>	<u>23,887</u>	<u>314,475</u>	<u>(2,851,368)</u>
Total governmental activities	\$ <u>3,189,730</u>	\$ <u>23,887</u>	\$ <u>314,475</u>	<u>(2,851,368)</u>

### GENERAL REVENUES

Property taxes	1,371,017
State aid not restricted	1,719,593
Interest income	6,278
Loss on disposal of assets	(1,600)
Miscellaneous revenues	<u>54,273</u>
Total general revenues	<u>3,149,561</u>
Change in net position	<u>298,193</u>
Net position, July 1	<u>(473,936)</u>
Net position, June 30	\$ <u>(175,743)</u>



**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Government Funds</u>	<u>Total Government Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 950,594	\$ 116,401	\$ 394,224	\$ 20,510	\$ 1,481,729
Taxes receivable	25,387	597	15,510	-	41,494
Accounts receivables	<u>37,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,240</u>
Total assets	<u>\$ 1,013,221</u>	<u>\$ 116,998</u>	<u>\$ 409,734</u>	<u>\$ 20,510</u>	<u>\$ 1,560,463</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 34,903	\$ -	\$ -	\$ -	\$ 34,903
Salaries payable	<u>135,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,274</u>
Total liabilities	<u>170,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,177</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Uncollected taxes	<u>25,387</u>	<u>597</u>	<u>15,510</u>	<u>-</u>	<u>41,494</u>
<b>FUND BALANCES</b>					
Restricted for:					
Building	-	116,401	-	-	116,401
Debt service	-	-	394,224	-	394,224
Assigned					
Student activities	-	-	-	3,420	3,420
Food service	-	-	-	17,090	17,090
Unassigned	<u>817,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>817,657</u>
Total fund balances	<u>817,657</u>	<u>116,401</u>	<u>394,224</u>	<u>20,510</u>	<u>1,348,792</u>
Total liabilities and fund balances	<u>\$ 1,013,221</u>	<u>\$ 116,998</u>	<u>\$ 409,734</u>	<u>\$ 20,510</u>	<u>\$ 1,560,463</u>

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**Total fund balances for governmental funds** \$ 1,348,792

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 are not reported in the governmental funds:

Cost of capital assets	7,644,608	
Less accumulated depreciation	<u>(852,746)</u>	6,791,862

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.	41,494
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Net pension and OPEB obligations are not due and payable in the current period, and therefore are not reported in the governmental funds.	(2,486,768)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore are not reported in the funds.

Total deferred outflows of resources	945,668	
Total deferred inflows of resources	<u>(156,761)</u>	788,907

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the statement of net position.

Long-term debt payable	(6,218,414)	
Certificate of indebtedness	(180,260)	
Compensated absences	(202,977)	
Interest payable	<u>(58,379)</u>	<u>(6,660,030)</u>

**Total net position of governmental activities** \$ (175,743)

**MAPLETON PUBLIC SCHOOL DISTRICT #7**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Government Funds</u>	<u>Total Government Funds</u>
<b>REVENUES</b>					
Local sources	\$ 857,608	\$ 19,649	\$ 508,834	\$ 16,550	\$ 1,402,641
State sources	1,721,392	-	-	-	1,721,392
Federal sources	161,736	-	-	150,738	312,474
Other sources	59,456	-	-	-	59,456
	<u>2,800,192</u>	<u>19,649</u>	<u>508,834</u>	<u>167,288</u>	<u>3,495,963</u>
<b>Total revenues</b>					
<b>EXPENDITURES</b>					
Current					
Regular instruction	1,956,088	-	-	-	1,956,088
Federal programs	40,351	-	-	-	40,351
Administration services	117,166	-	-	-	117,166
Executive administration	227,008	-	-	-	227,008
Operations and maintenance	134,674	26,239	-	-	160,913
Student activities	-	-	-	9,448	9,448
Student transportation	16,613	-	-	-	16,613
Food service	-	-	-	155,872	155,872
Debt service					
Principal	45,475	-	328,200	-	373,675
Interest and fees	3,895	-	141,950	-	145,845
	<u>2,541,270</u>	<u>26,239</u>	<u>470,150</u>	<u>165,320</u>	<u>3,202,979</u>
<b>Total expenditures</b>					
Excess (deficiency) of revenues over expenditures	<u>258,922</u>	<u>(6,590)</u>	<u>38,684</u>	<u>1,968</u>	<u>292,984</u>
<b>FUND BALANCE - JULY 1</b>	<u>558,735</u>	<u>122,991</u>	<u>355,540</u>	<u>18,542</u>	<u>1,055,808</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 817,657</u>	<u>\$ 116,401</u>	<u>\$ 394,224</u>	<u>\$ 20,510</u>	<u>\$ 1,348,792</u>

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES JUNE 30, 2021

**Net change in fund balances - total governmental funds** \$ 292,984

Amount reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Book value of disposals	(2,000)	
Depreciation expense	<u>(167,795)</u>	(169,795)

Some expenses reported in the statement of activities do not require require the use of current financial resources and are not reported as expenditure in governmental fund.

Net change in interest payable	2,870	
Net change in compensated absences	<u>5,120</u>	7,990

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

373,675

The net pension liability, and related deferred outflows and inflows of resources are reported in the government wide statements; however, activity related to the pension items do not involve financial resources, and are not reported in the funds.

Net change in net pension liability	(724,915)	
Net change in deferred outflows of resources	517,985	
Net change in deferred inflows of resources	<u>6,312</u>	(200,618)

Some revenues reported in the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

This consists of the decrease in taxes receivable.

(6,043)

**Change in net position of governmental activities** \$ 298,193

**MAPLETON PUBLIC SCHOOL DISTRICT #7**

**STATEMENT OF NET POSITION**

**JUNE 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,151,365
Taxes receivable	47,537
Accounts receivables	33,206
Capital assets, net of accumulated depreciation	
Building and improvements	6,794,216
Vehicles	62,881
Furniture and equipment	<u>104,560</u>
Total assets	<u>8,193,765</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension and OPEB related deferred outflows of resources	<u>427,683</u>
Total assets and deferred outflows of resources	\$ <u><u>8,621,448</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 9,481
Salaries and benefits payable	119,282
Interest payable	61,249
Long-term liabilities due within one year	
Long-term debt payable	338,675
Certificate of indebtedness payable	35,000
Compensated absences payable	<u>20,298</u>
Total current liabilities	<u>583,985</u>
Long-term liabilities due after one year	
Long-term debt, net of current portion	6,218,414
Certificate of indebtedness	180,260
Compensated absences	187,799
Net pension and OPEB liability	<u>1,761,853</u>
Total long-term liabilities	<u>8,348,326</u>
Total liabilities	<u>8,932,311</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension and OPEB related deferred inflows of resources	<u>163,073</u>
<b>NET POSITION</b>	
Net investment in capital assets	404,568
Restricted for	
Building	122,991
Debt service	355,540
Unrestricted	<u>(1,357,035)</u>
Total net position	<u>(473,936)</u>
Total liabilities, deferred inflows of resources and net position	\$ <u><u>8,621,448</u></u>

See Notes to Financial Statements

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		Net Revenue (Expense) and Change in Net Position Total
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				
Regular instruction	\$ 1,716,067	\$ 10,980	\$ 44,762	\$ (1,660,325)
Federal programs	168,924	-	-	(168,924)
Instructional staff services	11,343	-	-	(11,343)
Administration services	137,984	-	-	(137,984)
Executive administration	199,855	-	-	(199,855)
Operations and maintenance	127,879	-	-	(127,879)
Student activities	2,741	5,140	-	2,399
Student transportation	28,553	-	-	(28,553)
Food service	105,645	44,489	-	(61,156)
Debt service - interest	239,413	-	-	(239,413)
Total governmental activities	\$ <u>2,738,404</u>	\$ <u>60,609</u>	\$ <u>44,762</u>	<u>(2,633,033)</u>
<b>GENERAL REVENUES</b>				
Property taxes				1,322,659
Federal aid not restricted				51,922
State aid not restricted				1,562,831
Interest income				9,113
Miscellaneous revenues				<u>32,473</u>
Total general revenues				<u>2,978,998</u>
Change in net position				<u>345,965</u>
Net position, July 1				<u>(660,265)</u>
Prior period adjustment				<u>(159,636)</u>
Net position, July 1, as restated				<u>(819,901)</u>
Net position, June 30				\$ <u><u>(473,936)</u></u>

**MAPLETON PUBLIC SCHOOL DISTRICT #7**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2020**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Government Funds</u>	<u>Total Government Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 654,292	\$ 122,991	\$ 355,540	\$ 18,542	\$ 1,151,365
Taxes receivable	29,053	792	-	17,692	47,537
Accounts receivables	<u>33,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,206</u>
Total assets	<u>\$ 716,551</u>	<u>\$ 123,783</u>	<u>\$ 355,540</u>	<u>\$ 36,234</u>	<u>\$ 1,232,108</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 9,481	\$ -	\$ -	\$ -	\$ 9,481
Salaries payable	<u>119,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,282</u>
Total liabilities	<u>128,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,763</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Uncollected taxes	<u>29,053</u>	<u>792</u>	<u>-</u>	<u>17,692</u>	<u>47,537</u>
<b>FUND BALANCES</b>					
Restricted for:					
Building	-	122,991	-	-	122,991
Debt service fund	-	-	355,540	-	355,540
Assigned					
Student activities	-	-	-	14,151	14,151
Food service	-	-	-	4,391	4,391
Unassigned	<u>558,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>558,735</u>
Total fund balances	<u>558,735</u>	<u>122,991</u>	<u>355,540</u>	<u>18,542</u>	<u>1,055,808</u>
Total liabilities and fund balances	<u>\$ 716,551</u>	<u>\$ 123,783</u>	<u>\$ 355,540</u>	<u>\$ 36,234</u>	<u>\$ 1,232,108</u>

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**Total fund balances for governmental funds** \$ 1,055,808

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 are not reported in the governmental funds:

Cost of capital assets	7,668,608	
Less accumulated depreciation	<u>(706,951)</u>	6,961,657

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.	47,537
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Net pension and OPEB obligations are not due and payable in the current period, and therefore are not reported in the governmental funds.	(1,761,853)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore are not reported in the funds.

Total deferred outflows of resources	427,683	
Total deferred inflows of resources	<u>(163,073)</u>	264,610

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

All liabilities both current and long-term are reported in the statement of net position.

Long-term debt payable	(6,253,414)	
Certificate of indebtedness	(518,935)	
Compensated absences	(208,097)	
Interest payable	<u>(61,249)</u>	<u>(7,041,695)</u>

**Total net position of governmental activities** \$ (473,936)



**MAPLETON PUBLIC SCHOOL DISTRICT #7**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Debt Service Fund</b>	<b>Nonmajor Government Funds</b>	<b>Total Government Funds</b>
<b>REVENUES</b>					
Local sources	\$ 805,928	\$ 20,066	\$ 503,201	\$ 48,290	\$ 1,377,485
State sources	1,560,830	-	-	-	1,560,830
Federal sources	72,140	-	-	26,545	98,685
Other sources	40,317	-	-	-	40,317
Total revenues	<u>2,479,215</u>	<u>20,066</u>	<u>503,201</u>	<u>74,835</u>	<u>3,077,317</u>
<b>EXPENDITURES</b>					
Current					
Regular instruction	1,612,643	-	-	-	1,612,643
Federal programs	33,665	-	-	-	33,665
Administration services	120,004	-	-	-	120,004
Executive administration	195,254	-	-	-	195,254
Operations and maintenance	110,018	11,880	-	-	121,898
Student activities	-	-	-	824	824
Student transportation	88,515	-	-	-	88,515
Food service	38,355	-	-	56,884	95,239
Debt service					
Principal	35,000	-	325,199	-	360,199
Interest	35,166	-	142,998	-	178,164
Total expenditures	<u>2,268,620</u>	<u>11,880</u>	<u>468,197</u>	<u>57,708</u>	<u>2,806,405</u>
Excess (deficiency) of revenues over expenditures	<u>210,595</u>	<u>8,186</u>	<u>35,004</u>	<u>17,127</u>	<u>270,912</u>
<b>OTHER FINANCING SOURCES</b>					
Debt issuance	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,000</u>
Net change in fund balances	<u>265,595</u>	<u>8,186</u>	<u>35,004</u>	<u>17,127</u>	<u>325,912</u>
<b>FUND BALANCE - JULY 1</b>	<u>293,140</u>	<u>114,805</u>	<u>320,536</u>	<u>1,415</u>	<u>729,896</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 558,735</u>	<u>\$ 122,991</u>	<u>\$ 355,540</u>	<u>\$ 18,542</u>	<u>\$ 1,055,808</u>

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES JUNE 30, 2020

**Net change in fund balances - total governmental funds** \$ 325,912

Amount reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Current year capital outlay	62,000	
Depreciation expense	<u>(163,485)</u>	(101,485)

Issuance of debt is an other financing source in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.	(55,000)
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditure in governmental fund.

Net change in interest payable	(61,249)	
Net change in net compensated absences	<u>(40,461)</u>	(101,710)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	360,199
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The net pension and OPEB liability, and related deferred outflows and inflows of resources are reported in the government wide statements; however, activity related to the pension items do not involve financial resources, and are not reported in the funds.

Net change in net pension and OPEB liability	(29,327)	
Net change in deferred outflows of resources	(18,011)	
Net change in deferred inflows of resources	<u>(40,326)</u>	(87,664)

Some revenues reported in the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the decrease in taxes receivable.

	<u>5,713</u>
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**Change in net position of governmental activities** \$ 345,965

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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

***Nature of Operations***

The financial statements of the Mapleton Public School District #7 (“the District”), Mapleton, North Dakota, have been prepared in conformity with accounting principles general accepted in the United States of America (“GAAP”) as applied to government units. The Government Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

***Reporting Entity***

The accompanying financial statements present the activities of the Mapleton Public School District #7. The District has considered all potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District’s financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. Their criteria include appointing a voting majority of an organization’s governing board and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to or imposed financial burdens on the District.

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

***Basis of Presentation***

*Government-Wide Financial Statements:* The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government of the District. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customer or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds, displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

***Measurement Focus and Basis of Accounting***

The government-wide financial statements are reported using the economic resources measurement focus. These financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

*General Fund:* This is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Building Fund:* This fund accounts for financial resources dedicated to the construction of new school buildings, additions to old school buildings, the making of major repairs to existing buildings, or to make annual debt service payments on outstanding debt issues related to the building fund.

*Debt Service Fund:* This fund is used to account for the accumulation of resources for, and the payment of principal, interest and related costs for the general obligation school building bonds.

***Cash and Cash Equivalents***

Cash and cash equivalents include amounts in demand deposits and certificates of deposit, which have original maturity dates of six months or less.

***Property Taxes***

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments, and the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5.0% discount on property taxes is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent, and penalties are assessed.

***Capital Assets***

Capital assets include property, plant, and equipment. Assets are reported in the governmental activities' columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Furniture and equipment	10

***Deferred Outflows and 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 resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal year-end, and changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

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 three types of items that qualify for reporting in this category. The District reports unavailable revenues from property taxes and unavailable revenues from local education agencies on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

***Salaries and Benefits Payable***

Salaries and benefits payable consists of salaries earned by employees but not paid until after the year-end. It also consists of benefits owed to federal, state, and private agencies for amounts withheld from teacher's salaries as of June 30.

***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs in the current period. The face amount of the debt at inception is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

***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 Employees Retirement System (“NDPERS”) and the North Dakota Teachers’ Fund for Retirement (“TFFR”) and additions to/deductions from NDPERS’s and TFFR’s fiduciary net positions have been determined on the same basis as they are reported by NDPERS’s 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 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 Financial Statements***

Government fund equity is classified as fund balance and may distinguish between “Restricted” and “Unrestricted” components. Fiduciary fund equity (except for agency funds, which have no fund equity) is reported as net position held in trust for other purposes.

***Restricted and Unrestricted Resources***

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

***Fund Balance and Classification Policies and Procedures***

The District classifies governmental fund balances as follows:

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

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

***Committed*** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through a board motion of the highest level of decision-making authority and does not lapse at year-end. A board motion is required to be taken to establish, modify, or rescind a fund balance commitment.

***Assigned*** – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the Business Manager.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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

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

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

***Program Revenues***

In the government-wide statement of activities, reported program revenues derive from the program itself or from parties other than the District's taxpayers or citizenry, as a whole. Program revenues are classified into two categories, as follows:

***Charges for services*** – these arise from charges to customers, applicants, or other who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

***Program-specific operating grants and contributions*** – these arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

***Accounts Payable***

Accounts payable consists of amounts owed for goods and services received prior to June 30 and chargeable to the appropriations for the year then ended but paid subsequent to that date.

***Interfund Transactions***

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditure in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers. In the government-wide financial statements, interfund transactions have been eliminated.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

In accordance with North Dakota Statutes, the District maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in another financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities of 110% of the deposits not covered by insurance or bonds.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities, or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing entity and bonds issued by any other state of the United States or such other securities approved by the banking board.

At year ended June 30, 2021, the District's carrying amount of deposits was \$1,481,729 and the bank balances were \$1,642,743, all of which were covered by Federal Depository Insurance.

At year ended June 30, 2020, the District's carrying amount of deposits was \$1,151,365 and the bank balances were \$1,439,039, all of which were covered by Federal Depository Insurance.

***Interest Rate Risk***

The District does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from changing interest rates. All investments are certificates of deposit that mature within one year.

***Credit Risk***

The District may invest idle funds as authorized in North Dakota statutes, as follows:

- (a) Bonds, treasury bills and notes, or other securities that are a direct 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 the type listed above.
- (c) Certificates of deposit fully insured by the Federal Deposit Insurance Corporation.
- (d) Obligations of the state.

***Concentration of Credit Risk***

The District does not have a policy limiting the amount the District may invest in any one issuer.

**NOTE 3 – TAXES RECEIVABLE**

Taxes receivable consist of current taxes and delinquent uncollected taxes for the past three years as of June 30. No allowance has been established for uncollectible taxes receivable.

Property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5.0% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent, and penalties are assessed.



**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 4 – CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Buildings	\$ 7,434,408	\$ -	\$ -	\$ 7,434,408
Vehicles	86,000	-	24,000	62,000
Furniture and equipment	<u>148,200</u>	<u>-</u>	<u>-</u>	<u>148,200</u>
Total capital assets, being depreciated	<u>7,668,608</u>	<u>-</u>	<u>24,000</u>	<u>7,644,608</u>
Less accumulated depreciation for				
Buildings	640,192	141,546	-	781,738
Vehicles	23,119	11,429	22,000	12,548
Furniture and equipment	<u>43,640</u>	<u>14,820</u>	<u>-</u>	<u>58,460</u>
Total accumulated depreciation	<u>706,951</u>	<u>167,795</u>	<u>22,000</u>	<u>852,746</u>
Capital assets, net	\$ <u><u>6,961,657</u></u>	\$ <u><u>(167,795)</u></u>	\$ <u><u>2,000</u></u>	\$ <u><u>6,791,862</u></u>

Depreciation expense was charged to functions/programs of the District as follows:

Regular instruction (school/student learning)	\$ 123,495
Federal programs	2,517
Executive administration	11,642
Administration (business offices)	8,014
Operations and maintenance	10,037
Student activities	589
Student transportation	1,778
Food services (hot lunch)	<u>9,723</u>
Total depreciation on buildings/equipment	\$ <u><u>167,795</u></u>

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Buildings	\$ 7,434,408	\$ -	\$ -	\$ 7,434,408
Vehicles	24,000	62,000	-	86,000
Furniture and equipment	<u>148,200</u>	<u>-</u>	<u>-</u>	<u>148,200</u>
Total capital assets, being depreciated	<u>7,606,608</u>	<u>62,000</u>	<u>-</u>	<u>7,668,608</u>
Less accumulated depreciation for				
Buildings	498,646	141,546	-	640,192
Vehicles	16,000	7,119	-	23,119
Furniture and equipment	<u>28,820</u>	<u>14,820</u>	<u>-</u>	<u>43,640</u>
Total accumulated depreciation	<u>543,466</u>	<u>163,485</u>	<u>-</u>	<u>706,951</u>
Capital assets, net	<u>\$ 7,063,142</u>	<u>\$ (101,485)</u>	<u>\$ -</u>	<u>\$ 6,961,657</u>

Depreciation expense was charged to functions/programs of the District as follows:

Regular instruction (school/student learning)	\$ 120,321
Federal programs	2,452
Executive administration	11,343
Administration (business offices)	7,808
Operations and maintenance	9,780
Student activities	577
Student transportation	1,731
Food services (hot lunch)	<u>9,473</u>
Total depreciation on buildings/equipment	<u>\$ 163,485</u>

### NOTE 5 – LONG-TERM LIABILITIES

During the year ended June 30, 2021, the following changes occurred in liabilities reported in the long-term liabilities of governmental activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 55,000	\$ -	\$ 10,475	\$ 44,525	\$ 11,780
General obligation building bonds	6,502,089	-	328,200	6,173,889	333,856
Certificate of indebtedness	215,260	-	35,000	180,260	35,000
Net pension liability*	1,754,691	724,282	-	2,478,973	-
Net OPEB liability*	7,162	633	-	7,795	-
Compensated absences*	<u>208,097</u>	<u>20,167</u>	<u>25,287</u>	<u>202,977</u>	<u>20,810</u>
Total	<u>\$ 8,742,299</u>	<u>\$ 745,082</u>	<u>\$ 398,962</u>	<u>\$ 9,088,419</u>	<u>\$ 401,446</u>

(Continued)

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

During the year ended June 30, 2020, the following changes occurred in liabilities reported in the long-term liabilities of governmental activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ -	\$ 55,000	\$ -	\$ 55,000	\$ 10,475
General obligation building bonds	6,827,288	-	325,199	6,502,089	328,200
Certificate of indebtedness	250,260	-	35,000	215,260	35,000
Net pension liability*	1,725,684	29,007	-	1,754,691	-
Net OPEB liability*	6,842	320	-	7,162	-
Compensated absences*	167,636	40,461	-	208,097	20,298
Total	\$ <u>8,977,710</u>	\$ <u>124,788</u>	\$ <u>360,199</u>	\$ <u>8,742,299</u>	\$ <u>393,973</u>

\*The change in compensated absences & net pension and OPEB liability are shown as net changes.

Outstanding debt as June 30, 2021, consists of the following issues:

	<u>2021</u>	<u>2020</u>
General obligation bonds payable outstanding in the District's governmental activities at June 30 are as follows:		
\$2,160,000 General Obligation School Building Bonds, series 2016, due in annual installments of \$85,000 to \$135,000 through August 2036; interest at 2.00% to 3.00%.	\$ 1,800,000	\$ 1,895,000
\$5,040,000 General Obligation School Building Bond, series 2017, due in annual installments of \$232,680 to \$278,320 beginning on August 1, 2018 through August 1, 2037; interest at 2.00%.	<u>4,373,889</u>	<u>4,607,089</u>
	\$ <u>6,173,889</u>	\$ <u>6,502,089</u>

Revenue bonds are issued to finance capital improvement projects in which revenue from operations of such improvement projects or revenue pledged from designated revenue stream is used to pay the debt service.

The annual requirements to amortize the outstanding general obligation bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 333,856	\$ 131,064	\$ 464,920
2023	342,586	124,861	467,447
2024	333,683	118,451	452,134
2025	338,380	111,931	450,311
2026	348,172	91,724	439,896
2027-2031	1,851,169	390,641	2,241,810
2032-2036	2,166,253	195,158	2,361,411
2037-2038	<u>459,790</u>	<u>49,404</u>	<u>509,194</u>
	\$ <u>6,173,889</u>	\$ <u>1,213,234</u>	\$ <u>7,387,123</u>
Total general obligation bonds			\$ <u>6,173,889</u>

(Continued)

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Certificate of indebtedness outstanding in the District's governmental activities at June 30 are as follows:

\$395,000 Certificate of Indebtedness, Series 2018, due in annual installments of \$35,000 to \$45,000 through August 1, 2028; interest at 2.25% to 3.00%.

<u>2021</u>	<u>2020</u>
\$ 180,260	\$ 215,260

The annual requirements to amortize the outstanding certificates of indebtedness are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 35,000	\$ 8,100	\$ 43,100
2023	40,000	7,200	47,200
2024	40,000	6,100	46,100
2025	65,260	12,950	78,210
	<u>\$ 180,260</u>	<u>\$ 34,350</u>	<u>\$ 214,610</u>

Notes payable outstanding in the District's governmental activities at June 30 are as follows:

\$55,000 note payable, due in annual installments of \$10,000 to \$12,000 through February 15, 2025; interest at 2.60%.

<u>2021</u>	<u>2020</u>
\$ 44,525	\$ 55,000

The annual requirements to amortize the outstanding note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 11,780	\$ 97	\$ 11,877
2023	11,806	71	11,877
2024	11,831	45	11,876
2025	9,108	2,769	11,877
	<u>\$ 44,525</u>	<u>\$ 2,982</u>	<u>\$ 47,507</u>

**NOTE 6 – PENSION PLANS**

**General Information about the TFFR Pension Plan**

***North Dakota Teacher's Fund for Retirement ("TFFR")***

The following brief description of TFFR is provided for general information purposes only. Participants should refer to North Dakota Century Code ("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.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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 6.00% 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% by 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 8.00% 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% by 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.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

*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 8.00% 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% by 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) 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 6.00% 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 Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021 and 2020, the District reported a liability of \$2,135,243 and \$1,642,582 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2020 and 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 pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2020 and 2019 the District's proportion was 0.13951245 and 0.11926511 percent, which was an increase of 0.02024734 and 0.00150969 from its proportion measured as of July 1, 2020 and 2019.

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

For the year ended June 30, 2021 and 2020, the District recognized pension expense of \$284,186 and \$199,054. At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 440	\$ 80,131	\$ 2,345	\$ 59,281
Changes of assumptions	96,105	-	58,380	-
Net difference between projected and actual earnings on pension plan investments	131,812	-	23,121	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	334,338	20,189	129,827	30,284
Employer contributions subsequent to the measurement date	141,001	-	129,792	-
	<u>\$ 703,696</u>	<u>\$ 100,320</u>	<u>\$ 343,465</u>	<u>\$ 89,565</u>

\$141,001 and \$129,792 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 ended June 30, 2021 and 2020.

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 ended June 30:

2021	\$ 98,146
2022	88,926
2023	109,005
2024	77,315
2025	43,547
Thereafter	45,436

### *Actuarial Assumptions*

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.80% to 14.80%, varying by service, including inflation and productivity
Investment rate of return	7.25%, net of investment expenses
Cost-of-living adjustments	None

(Continued)

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

For active and inactive members, mortality rates were based on the PubT-2010 Employee table, projected with generational improvement using Scale MP-2019. For healthy retirees, mortality rates were based on 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019. For disability retirees, mortality rates were based on the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2020, funding actuarial valuation for TFFR.

As a result of the March 19, 2020, actuarial experience study, the TFFR Board adopted several assumption changes, including the following:

- Investment return assumption lowered from 7.75% to 7.25%.
- Inflation assumption lowered from 2.75% to 2.30%.
- Individual salary increases were lowered.
- Rates of turnover, retirement and disability were changed to better reflect anticipated future experience.
- The post-retirement healthy mortality table was updated to 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019.
- The disabled mortality was updated to the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.
- The pre-retirement mortality table was updated to the PubT-2010 Employee table projected with generational improvement using Scale MP-2019.

The TFFR Board is responsible for establishing investment policy for the fund assets under NDCC 15-39.1-05.2. Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates.

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 pension plan's target asset allocation as of July 1, 2020, are summarized in the following table:



# MAPLETON PUBLIC SCHOOL DISTRICT #7

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Asset Class	2021		2020	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Global equities	58.00%	6.90%	58.00%	6.90%
Global fixed income	23.00%	1.30%	23.00%	2.10%
Global real assets	18.00%	5.00%	18.00%	5.40%
Cash equivalents	1.00%	0.00%	1.00%	0.00%

### Discount Rate

The discount rate used to measure the total pension liability was 7.25% percent as of June 30, 2020. 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, 2020, 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 July 1, 2020. 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, 2020.

### 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 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of net pension liability	\$ 2,844,209	\$ 2,135,243	\$ 1,546,205
2020	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of net pension liability	\$ 2,218,324	\$ 1,642,582	\$ 1,164,126

### 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 at:

[www.nd.gov/rio/sib/publications/cafr/default.htm](http://www.nd.gov/rio/sib/publications/cafr/default.htm).

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**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**General Information about the Pension Plan**

***North Dakota Public Employees Retirement System (Main 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. Member 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 was 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. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. 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.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

***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 salaries and wages. Member contribution rates are 7.00% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7.00% 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, 2021 and 2020, the Employer reported a liability of \$343,730 and \$112,109, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and 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 Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2020 and 2019, the Employer's proportion was 0.010925 and 0.009565 percent, which was an increase of 0.001360 and 0.000311 from its proportion measured as of July 01, 2020 and 2019, respectively.

For the year ended June 30, 2021 and 2020, the Employer recognized pension expense of \$71,083 and \$26,709. At June 30, 2021 and 2020, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,338	\$ 17,416	\$ 67	\$ 20,346
Changes of assumptions	184,246	30,460	41,892	35,968
Net difference between projected and actual earnings on pension plan investments	11,093	-	1,953	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,731	7,754	29,895	16,201
Employer contributions subsequent to the measurement date	13,756	-	7,975	-
	<u>\$ 239,164</u>	<u>\$ 55,630</u>	<u>\$ 81,782</u>	<u>\$ 72,515</u>

\$13,756 and \$7,975 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 ended June 30, 2021 and 2020, respectively.

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 ended June 30:

2021	\$ 57,583
2022	39,914
2023	33,915
2024	38,366
2025	-
Thereafter	-

**Actuarial Assumptions.** The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	4.00% to 20.00%, including inflation
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 Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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:

(Continued)

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Asset Class	2021		2020	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	30.00%	6.30%	30.00%	6.30%
International Equity	21.00%	6.85%	21.00%	6.93%
Private Equity	7.00%	9.75%	7.00%	10.15%
Domestic Fixed Income	23.00%	1.25%	23.00%	2.11%
International Fixed Income	0.00%	0.00%	0.00%	0.00%
Global Real Assets	19.00%	5.01%	19.00%	5.41%
Cash Equivalents	0.00%	0.00%	0.00%	0.25%

### ***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 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

### ***Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 4.64 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 (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate:

	2021	Current Discount Rate	
	1% Decrease (3.64%)	(4.64%)	1% Increase (5.64%)
District's proportionate share of net pension liability	\$ 445,929	\$ 343,703	\$ 260,057

(Continued)

## MAPLETON PUBLIC SCHOOL DISTRICT #7

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

The following presents the Employer'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:

<u>2020</u>	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of net pension liability	\$ <u>160,740</u>	\$ <u>112,109</u>	\$ <u>71,250</u>

#### ***Pension Plan Fiduciary Net Position***

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

#### ***North Dakota Public Employees Retirement System Other Post Employment Benefits***

#### **General Information about the OPEB Plan**

#### ***North Dakota Public Employees Retirement System***

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 expense. 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.

# MAPLETON PUBLIC SCHOOL DISTRICT #7

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 and 2020, the Employer reported a liability of \$7,797 and \$7,162 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2020 and 2019, the Employer's proportion was 0.009269 and 0.008917 percent, which was an increase of 0.000352 and .000229 from its proportion measured as of July 1, 2020 and 2019, respectively.

For the year ended June 30, 2021 and 2020, the Employer recognized OPEB expense of \$1,071 and \$864. At June 30, 2021 and 2020, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 174	\$ 187	\$ 177	\$ 224
Changes of assumptions	1,045	-	854	-
Net difference between projected and actual earnings on pension plan investments	268	-	8	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	331	624	200	769
Employer contributions subsequent to the measurement date	990	-	1,197	-
	<u>\$ 2,808</u>	<u>\$ 811</u>	<u>\$ 2,436</u>	<u>\$ 993</u>

\$990 and \$1,197 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022, and 2021.

(Continued)

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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 ended June 30:	
2021	\$ 201
2022	270
2023	257
2024	167
2025	99
2026	13
Thereafter	-

***Actuarial Assumptions***

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
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 Mortality Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

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, 2020, are summarized in the following table:

Asset Class	2021		2020	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Large Cap Domestic Equities	33.00%	6.10%	33.00%	7.31%
Small Cap Domestic Equities	6.00%	7.00%	6.00%	10.40%
International Equities	21.00%	6.50%	21.00%	7.32%
U.S. High Yield	0.00%	0.00%	4.00%	6.13%

(Continued)



**MAPLETON PUBLIC SCHOOL DISTRICT #7**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

<u>Asset Class</u>	<u>2021</u>		<u>2020</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Emerging market Debt	0.00%	0.00%	4.00%	7.45%
Core-Plus Fixed Income	0.00%	0.00%	32.00%	4.26%
Domestic Fixed Income	40.00%	1.20%	0.00%	0.00%

***Discount Rate***

The discount rate used to measure the total OPEB liability was 6.50%. 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, 2020, calculated using the discount rate of 6.50%, 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

<u>2021</u>	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
District's proportionate share of net pension liability	\$ <u>10,226</u>	\$ <u>7,797</u>	\$ <u>5,743</u>

The following presents the net OPEB liability of the Plans as of June 30, 2020, calculated using the discount rate of 7.25%, 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:

<u>2020</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
District's proportionate share of net pension liability	\$ <u>9,141</u>	\$ <u>7,162</u>	\$ <u>5,468</u>

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 7 – RISK MANAGEMENT**

The District is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, the 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, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$3,000,000 per occurrence for general liability and automobile; and \$26,500 for public asset coverage.

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 eleven 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 \$637,622 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The District has worker's compensation with the Department of Workforce Safety and Insurance. The District pays part of the health insurance premiums for their employees.

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

**NOTE 8 – ERROR CORRECTION**

The 2020 beginning net position amount has been restated to adjust for compensated absence and capital asset errors. This resulted in an adjustment to the July 1, 2019, net position as follows:

	<u><b>Governmental Activities</b></u>
Beginning of year net position, as previously reported	\$ (660,265)
Beginning compensated absences	(167,636)
Beginning capital assets	<u>8,000</u>
Beginning of year net position, as restated	\$ <u><u>(819,901)</u></u>

**NOTE 9 – SUBSEQUENT EVENT**

Subsequent to June 30, 2021, and more specifically since the close of the fiscal year June 30, 2025, the school district has taken significant steps to address the deficit general fund balance from fiscal year June 30, 2024. As of the date of this audit report, the school district has implemented some initiatives to stabilize and improve its financial condition. These include:

- Finance Committee- This committee was created on July 14, 2025, and will monitor and report monthly financial information directly to the school board.

*(Continued)*

**MAPLETON PUBLIC SCHOOL DISTRICT #7**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

- Budget Efficiency – The school board and management will ensure during the budget process that revenue and expenditure estimates are realistic and obtainable.
- Monthly Financial Report Overview – The school district will continue to review various monthly and quarterly reports to ensure the financial stability of the school district.

During the fiscal year ended June 30, 2025, the school experienced notable improvement in its financial condition. The beginning general fund cash balance was a negative \$13,846 (unaudited) but ended the fiscal year with a positive balance of \$301,910 (unaudited).

The school board and management of the school district will continue to evaluate and implement policies to improve the overall financial condition of Mapleton Public School District.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**

**REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021 AND 2020**

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION AND OPEB LIABILITY**  
**LAST 10 FISCAL YEARS\***

**Schedule of Employer's Share of Net Pension and OPEB Liability**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
ND TFFR	6/30/2020	0.139512%	\$ 2,135,243	\$ 1,017,967	209.76%	63.40%
ND TFFR	6/30/2019	0.119265%	\$ 1,642,582	\$ 836,679	196.32%	65.50%
ND TFFR	6/30/2018	0.117755%	\$ 1,569,513	\$ 800,512	196.06%	65.50%
ND TFFR	6/30/2017	0.113680%	\$ 1,561,422	\$ 767,307	203.49%	63.20%
ND TFFR	6/30/2016	0.103747%	\$ 1,519,950	\$ 674,068	225.49%	59.20%
ND TFFR	6/30/2015	0.109801%	\$ 1,436,038	\$ 675,390	212.62%	62.10%
ND TFFR	6/30/2014	0.107723%	\$ 1,128,746	\$ 624,849	180.64%	66.60%
ND PERS	6/30/2020	0.010925%	\$ 343,730	\$ 120,512	285.22%	48.90%
ND PERS	6/30/2019	0.009565%	\$ 112,109	\$ 99,497	112.68%	71.70%
ND PERS	6/30/2018	0.009254%	\$ 156,171	\$ 95,070	164.27%	62.80%
ND PERS	6/30/2017	0.011400%	\$ 183,235	\$ 116,378	157.45%	62.00%
ND PERS	6/30/2016	0.010548%	\$ 102,801	\$ 106,300	96.71%	70.00%

\* Complete data for this schedule is not available prior to 2014 for TFFR and 2016 for NDPERS.

\*\* The measurement date of the actuarial report is one year prior to the balance sheet date.

**Schedule of Employer's Share of Net Pension and OPEB Liability**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
NDPERS - OPEB	6/30/2020	0.009269%	\$ 7,797	\$ 105,664	7.38%	63.35%
NDPERS - OPEB	6/30/2019	0.008917%	\$ 7,162	\$ 99,497	7.20%	63.13%
NDPERS - OPEB	6/30/2018	0.008688%	\$ 6,842	\$ 95,070	7.20%	61.90%
NDPERS - OPEB	6/30/2017	0.010757%	\$ 8,509	\$ 116,378	7.31%	59.80%

\* Complete data for this schedule is not available prior to 2014 for TFFR and 2016 for NDPERS.

\*\* The measurement date of the actuarial report is one year prior to the balance sheet date.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS\***

**Schedule of Employer's Contributions**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
ND TFFR	6/30/2020	\$ 211,853	\$ (211,853)	\$ -	\$ 1,017,967	12.75%
ND TFFR	6/30/2019	\$ 106,677	\$ (106,677)	\$ -	\$ 836,679	12.75%
ND TFFR	6/30/2018	\$ 102,065	\$ (102,065)	\$ -	\$ 800,512	12.75%
ND TFFR	6/30/2017	\$ 97,832	\$ (97,832)	\$ -	\$ 767,307	12.75%
ND TFFR	6/30/2016	\$ 85,944	\$ (85,944)	\$ -	\$ 674,068	12.75%
ND TFFR	6/30/2015	\$ 86,108	\$ (86,108)	\$ -	\$ 675,390	12.75%
ND TFFR	6/30/2014	\$ 67,171	\$ (67,171)	\$ -	\$ 624,849	10.75%
ND PERS	6/30/2020	\$ 8,534	\$ (7,975)	\$ 559	\$ 120,512	6.62%
ND PERS	6/30/2019	\$ 7,244	\$ (6,807)	\$ 437	\$ 99,497	6.84%
ND PERS	6/30/2018	\$ 7,002	\$ (10,219)	\$ (3,217)	\$ 95,070	10.75%
ND PERS	6/30/2017	\$ 8,439	\$ (9,626)	\$ (1,187)	\$ 116,378	8.27%
ND PERS	6/30/2016	\$ 7,696	\$ (13,256)	\$ (5,560)	\$ 106,300	12.47%

\* Complete data for this schedule is not available prior to 2017.

\*\* The measurement date of the actuarial report is one year prior to the balance sheet date.

**Schedule of Employer's Contributions - OPEB**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
NDPERS - OPEB	6/30/2020	\$ 1,241	\$ (1,197)	\$ (44)	\$ 105,664	1.13%
NDPERS - OPEB	6/30/2019	\$ 1,157	\$ (1,090)	\$ (67)	\$ 99,497	1.10%
NDPERS - OPEB	6/30/2018	\$ 1,115	\$ (1,636)	\$ (521)	\$ 95,070	1.72%
NDPERS - OPEB	6/30/2017	\$ 1,353	\$ (1,541)	\$ (188)	\$ 116,378	1.32%

\* Complete data for this schedule is not available prior to 2017.

\*\* The measurement date of the actuarial report is one year prior to the balance sheet date.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>REVENUES</b>			
Local sources	\$ 871,422	\$ 857,608	\$ (13,814)
State sources	1,593,881	1,721,392	127,511
Federal sources	54,806	161,736	106,930
Other sources	<u>41,500</u>	<u>59,456</u>	<u>17,956</u>
Total revenues	<u>2,561,609</u>	<u>2,800,192</u>	<u>238,583</u>
<b>EXPENDITURES</b>			
Current			
Regular instruction	1,936,352	1,956,088	19,736
Federal programs	38,057	40,351	2,294
Administration services	117,200	117,166	(34)
Executive administration	206,126	227,008	20,882
Operations and maintenance	141,820	134,674	(7,146)
Student transportation	28,281	16,613	(11,668)
Food service	41,327	-	(41,327)
Debt service			
Principal	-	45,475	45,475
Interest and fees	<u>39,000</u>	<u>3,895</u>	<u>(35,105)</u>
Total expenditures	<u>2,548,163</u>	<u>2,541,270</u>	<u>(6,893)</u>
Excess (deficiency) of revenues over expenditures	<u>13,446</u>	<u>258,922</u>	<u>245,476</u>
Net change in fund balance	<u>13,446</u>	<u>258,922</u>	<u>245,476</u>
<b>FUND BALANCE, JULY 1</b>	<u>558,735</u>	<u>558,735</u>	<u>-</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$ -</u>	<u>\$ 817,657</u>	<u>\$ -</u>

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>REVENUES</b>			
Local sources	\$ 795,000	\$ 805,928	\$ 10,928
State sources	1,600,000	1,560,830	(39,170)
Federal sources	31,728	72,140	40,412
Other sources	<u>23,000</u>	<u>40,317</u>	<u>17,317</u>
Total revenues	<u>2,449,728</u>	<u>2,479,215</u>	<u>29,487</u>
<b>EXPENDITURES</b>			
Current			
Regular instruction	1,733,341	1,612,643	(120,698)
Federal programs	19,927	33,665	13,738
Administration services	123,052	120,004	(3,048)
Executive administration	206,062	195,254	(10,808)
Operations and maintenance	120,219	110,018	(10,201)
Student transportation	36,285	88,515	52,230
Food service	39,975	38,355	(1,620)
Capital outlay	-	-	-
Debt service			
Principal	-	35,000	35,000
Interest and fees	<u>100,000</u>	<u>35,166</u>	<u>(64,834)</u>
Total expenditures	<u>2,378,861</u>	<u>2,268,620</u>	<u>(110,241)</u>
Excess (deficiency) of revenues over expenditures	<u>70,867</u>	<u>210,595</u>	<u>139,728</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issuance	<u>-</u>	<u>55,000</u>	<u>55,000</u>
Total other financing sources (uses)	<u>-</u>	<u>55,000</u>	<u>55,000</u>
Net change in fund balance	<u>70,867</u>	<u>265,595</u>	<u>194,728</u>
<b>FUND BALANCE, JULY 1</b>	<u>293,140</u>	<u>293,140</u>	<u>-</u>
<b>FUND BALANCE, JUNE 30</b>	\$ <u><u>-</u></u>	\$ <u><u>558,735</u></u>	\$ <u><u>-</u></u>



**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***Budgetary Information***

The Board of Education adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund, special revenue funds, debt service funds, and capital project funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a) The annual budget must be prepared, and District taxes must be levied on or before the fifteenth day of August of each year.
- b) The taxes levied must be certified to the county auditor by twenty-fifth of August.
- c) The operating budget includes proposed expenditures and means of financing them.
- d) Each budget is controlled by the business manager at the revenue and expenditure function/object level.
- e) The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- f) All appropriations lapse at year-end.

**NOTE 2 – PENSIONS**

***North Dakota Teacher's Fund for Retirement Changes of Assumptions***

***Changes of benefit terms***

- All benefit terms are unchanged from the last actuarial valuation.

***Changes of assumptions***

Amounts reported in 2021 and later reflect the following actuarial assumption changes based on the results of an actuarial experience study dated March 19, 2020.

- Investment return assumption lowered from 7.75% to 7.25%;
- Inflation assumption lowered from 2.75% to 2.30%;
- Individual salary increases were lowered;
- Rates of turnover, retirement and disability were changed to better reflect anticipated future experience;
- The post-retirement healthy mortality table was updated to 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019;
- The disabled mortality was updated to the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019; and
- The pre-retirement mortality table was updated to the PubT-2010 Employee table projected with generational improvement using Scale MP-2019.

Amounts reported in 2016-2020 reflect the following actuarial assumption changes based on the results of an actuarial experience study dated April 30, 2015.

- Investment return assumption lowered from 8.00% to 7.75%.
- Inflation assumption lowered from 3.00% to 2.75%.
- Total salary scale rates lowered by 0.25% due to lower inflation.

*(Continued)*

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

- 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.

***North Dakota Public Employees Retirement System Changes of Assumptions***

***Changes of benefit terms***

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021, (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, 2019.

***Changes of assumptions***

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.50% to 7.00%
- The assumed rate of price inflation was lowered from 2.50% to 2.25% for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

***North Dakota Public Employees Retirement System – OPEB Changes of Assumptions***

***Changes of benefit terms***

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, 2019.

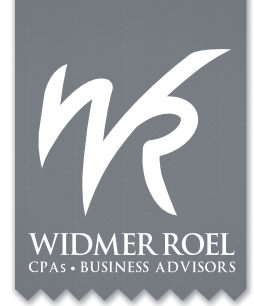
**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

***Changes of assumptions***

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.



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

*Independent Auditor's Report*

School Board and Administration  
**Mapleton Public School District #7**  
Mapleton, 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 **Mapleton Public School District #7** (District), as of and for the year ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise **Mapleton Public School District #7's** basic financial statements, and have issued our report thereon dated August 28, 2025.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit the financial statements, we considered **Mapleton Public School District #7'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 **Mapleton Public School District #7's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Mapleton Public School District #7'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 **Mapleton Public School District #7's** financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *schedule of findings and responses* as items 2021-001 and 2021-002 that we consider to be material weaknesses.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether **Mapleton Public School District #7's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Mapleton Public School District #7's Response to Findings**

*Government Auditing Standards* (GAS) requires the auditor to perform limited procedures on the **Mapleton Public School District #7's** response to the findings identified in our audit is described in the accompanying schedule of findings and responses. **Mapleton Public School District #7's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Wilmer Poel" followed by a stylized flourish.

Fargo, North Dakota  
August 28, 2025

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**SECTION I – SCHEDULE OF FINDINGS AND RESPONSES**

Financial Statements

Type of auditor's report issued:

Governmental Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  X  </u> yes	<u>      </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>      </u> yes	<u>  X  </u> none reported

Noncompliance material to financial statements noted?	<u>      </u> yes	<u>  X  </u> no
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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2021-001 (MATERIAL WEAKNESS) – SEGREGATION OF DUTIES**

***Condition***

The District has limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

***Criteria***

According to the COSO framework, proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel, so duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the District.

***Cause***

Management has chosen to allocate economic resources to other functions of the District.

***Effect***

The lack of segregation of duties increases the risk of material misstatement to the District's financial condition, whether due to error or fraud.

***Recommendation***

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

- Financial statements, credit memos, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official.

**MAPLETON PUBLIC SCHOOL DISTRICT #7**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

***Views of Responsible Officials***

We Agree. The School District recognizes this finding and is working on implementing controls where possible. It is not feasible to segregate duties 100%, however the board is reviewing the financials as well as approving disbursements on a regular basis and will continue to look for ways to further segregate duties where feasible.

**2021-002 (MATERIAL WEAKNESS) –AUDIT ADJUSTMENTS**

***Condition***

During the audit of District, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

***Criteria***

The District is responsible for the presentation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

***Cause***

The District did not have procedures in place to reconcile financial statement and account balances to ensure the financial statements are complete and accurate.

***Effect***

There is an increased risk of material misstatement to the District's financial statements whether due to error of fraud.

***Recommendation***

We recommend the District review its procedures for reconciling the financial statement and account balances to ensure the financial statements are complete and accurate in accordance with GAAP.

***Views of Responsible Officials***

We agree. We will continue to provide supporting schedules to the extent possible during the audit and review the financial statements upon completion.