

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
MANVEL, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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MANVEL PUBLIC SCHOOL DISTRICT NO. 125
ROSTER OF SCHOOL OFFICIALS
JUNE 30, 2019

Kathy Langowski	President
Dan Malott	Vice President
Sally Dockter	Board Member
Dianna Hoverson	Board Member
Jen Harrison	Board Member
Matt Bakke	Superintendent
Karla Braaten	Business Manager
Melissa Hiltner	Principal

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Manvel Public School District No. 125
Manvel, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of Manvel Public School District No. 125, which comprise the governmental activities, each major fund, and the aggregate remaining fund information as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Manvel Public School District No. 125, as of June 30, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standard

As described in Note 14 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As discussed in Note 14 to the financial statements, the District has restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the District's Contributions to the TFFR and NDPERS Pension Plans, schedule of District's contributions to the NDPERS OPEB plan, schedule of District's proportionate share of net pension liability, and schedule of District's proportionate share of net OPEB liability as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

February 25, 2020

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	
Cash	\$ 825,847
Property Taxes Receivable	62,673
Accounts Receivable	15,506
Total Current Assets	<u>904,026</u>
Capital Assets	
Land	70,500
Buildings	2,284,813
Equipment	270,028
Vehicles	460,512
Less Accumulated Depreciation	(1,921,483)
Total Capital Assets, Net of Depreciation	<u>1,164,370</u>
TOTAL ASSETS	<u>2,068,396</u>
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	254,149
Cost Sharing Defined Benefit Pension Plan - NDPERS	210,310
Cost Sharing Defined Benefit OPEB Plan - NDPERS	7,390
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>471,849</u>
CURRENT LIABILITIES	
Accrued Liabilities	16,101
Total Current Liabilities	<u>16,101</u>
LONG-TERM LIABILITIES	
Compensated Absences	12,077
Net OPEB Liability	17,493
Net Pension Liability	2,049,693
Total Long-Term Liabilities	<u>2,079,263</u>
TOTAL LIABILITIES	<u>2,095,364</u>
DEFERRED INFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	93,231
Cost Sharing Defined Benefit Pension Plan - NDPERS	23,257
Cost Sharing Defined Benefit OPEB Plan - NDPERS	850
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>117,338</u>
NET POSITION	
Net Investment in Capital Assets	1,164,370
Restricted For:	
Capital Projects	195,931
Unrestricted	<u>(1,032,758)</u>
TOTAL NET POSITION	<u>\$ 327,543</u>

See Notes to the Basic Financial Statements

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Business Support Services	\$ 128,702	\$ -	\$ -	\$ (128,702)
Instructional Support Services	42,523	-	-	(42,523)
Administration	184,907	-	-	(184,907)
Operations and Maintenance	132,211	-	-	(132,211)
Transportation	159,355	-	-	(159,355)
Regular Instruction	1,935,454	-	140,544	(1,794,910)
Special Education	40,179	-	-	(40,179)
Extra-Curricular Activities	1,993	-	-	(1,993)
Food Services	78,768	46,756	34,100	2,088
Community Service	66,330	-	-	(66,330)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,770,422	\$ 46,756	\$ 174,644	(2,549,022)
GENERAL REVENUES				
Property Taxes, Levied for General Purposes				674,012
Property Taxes, Levied for Capital Projects				8,514
Aids and Payments from the State				1,470,941
Unrestricted Investment Earnings				5,359
Other Revenue				47,048
TOTAL GENERAL REVENUES				2,205,874
Change in Net Position				(343,148)
Net Position - Beginning				670,691
Net Position - Ending				\$ 327,543

See Notes to the Basic Financial Statements

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Capital Projects Fund	Non-Major Food Service Fund	Total Governmental Funds
ASSETS				
Cash	\$ 623,987	\$ 194,965	\$ 6,895	\$ 825,847
Property Taxes Receivable	61,707	966	-	62,673
Accounts Receivable	15,506	-	-	15,506
TOTAL ASSETS	<u>\$ 701,200</u>	<u>\$ 195,931</u>	<u>\$ 6,895</u>	<u>\$ 904,026</u>
LIABILITIES				
Accrued Liabilities	\$ 15,198	\$ -	\$ 903	\$ 16,101
TOTAL LIABILITIES	<u>15,198</u>	<u>-</u>	<u>903</u>	<u>16,101</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Uncollected Taxes	45,512	853	-	46,365
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>45,512</u>	<u>853</u>	<u>-</u>	<u>46,365</u>
FUND BALANCES				
Restricted for Capital Projects	-	195,078	-	195,078
Assigned for Food Service	-	-	5,992	5,992
Unassigned	640,490	-	-	640,490
TOTAL FUND BALANCES	<u>640,490</u>	<u>195,078</u>	<u>5,992</u>	<u>841,560</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 701,200</u>	<u>\$ 195,931</u>	<u>\$ 6,895</u>	<u>\$ 904,026</u>

See Notes to the Basic Financial Statements

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances - governmental funds	\$ 841,560
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are reported as net assets in government funds:

Cost of capital assets	\$ 3,085,853	
Less: Accumulated depreciation	<u>(1,921,483)</u>	
Net		1,164,370

Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	46,365
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Net deferred outflows/(inflows) of resources relating to the cost sharing defined benefit plan in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.	354,511
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Long-term liabilities, including special assessments, are not due and payable in the current period and therefore are not recorded as liabilities in the governmental funds.

Compensated Absences	(12,077)	
Net OPEB Liability	(17,493)	
Net Pension Liability	<u>(2,049,693)</u>	

Net Position - Governmental Activities	<u>\$ 327,543</u>
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MANVEL PUBLIC SCHOOL DISTRICT NO. 125
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Projects Fund	Non-Major Food Service Fund	Total Governmental Funds
REVENUES				
Local Property Tax Levies	\$ 665,256	\$ 8,564	\$ -	\$ 673,820
Revenue From State Sources	1,470,941	-	183	1,471,124
Revenue From Federal Sources	140,544	-	33,917	174,461
Other	52,407	-	46,756	99,163
TOTAL REVENUES	2,329,148	8,564	80,856	2,418,568
EXPENDITURES				
Current:				
Business Support Services	128,702	-	-	128,702
Instructional Support Services	42,523	-	-	42,523
Administration	184,907	-	-	184,907
Operations and Maintenance	119,576	-	-	119,576
Transportation	119,938	-	-	119,938
Regular Instruction	1,834,124	-	-	1,834,124
Special Education	40,179	-	-	40,179
Community Service	66,330	-	-	66,330
Extra - Curricular Activities	1,993	-	-	1,993
Food Services	-	-	78,768	78,768
TOTAL EXPENDITURES	2,538,272	-	78,768	2,617,040
Excess (Deficiency) of Revenues Over (Under) Expenditures	(209,124)	8,564	2,088	(198,472)
Net Change in Fund Balance	(209,124)	8,564	2,088	(198,472)
Fund Balance - Beginning of Year	849,614	186,514	3,904	1,040,032
Fund Balance - End of Year	<u>\$ 640,490</u>	<u>\$ 195,078</u>	<u>\$ 5,992</u>	<u>\$ 841,560</u>

See Notes to the Basic Financial Statements

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balance - governmental funds \$ (198,472)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the useful lives as depreciation expense.

Capital Outlay	\$ 7,300
Depreciation Expense	<u>(91,347)</u>

Excess Depreciation Over Capital Outlay	(84,047)
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Changes in deferred outflows and inflows of resources related to net pension liability	(61,344)
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Change in Net OPEB Liability	(2,111)
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Change in Net Pension Liability	(3,016)
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These items consisted of the decrease in compensated absences. (2,864)

Some revenues will not be collected for several months after the District's fiscal year end. These revenues are considered "available" revenues in the governmental funds. These revenues consist of:

Net change in unavailable property taxes	<u>8,706</u>
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Net change in net position - governmental activities	<u>\$ (343,148)</u>
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MANVEL PUBLIC SCHOOL DISTRICT NO. 125
STATEMENT OF ASSETS AND LIABILITIES – FIDUCIARY FUNDS
JUNE 30, 2019

ASSETS	
Cash and Cash Equivalents	<u>\$ 66,713</u>
TOTAL ASSETS	<u><u>\$ 66,713</u></u>
LIABILITIES	
Due to Student Groups	<u>\$ 66,713</u>
TOTAL LIABILITIES	<u><u>\$ 66,713</u></u>

See Notes to the Basic Financial Statements

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	
Cash	\$ 886,300
Property Taxes Receivable	54,245
Due from State	152,716
Total Current Assets	<u>1,093,261</u>
Capital Assets	
Land	70,500
Buildings	2,284,813
Equipment	262,728
Vehicles	460,512
Less Accumulated Depreciation	(1,830,136)
Total Capital Assets, Net of Depreciation	<u>1,248,417</u>
TOTAL ASSETS	<u>2,341,678</u>
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	300,799
Cost Sharing Defined Benefit Pension Plan - NDPERS	184,041
Cost Sharing Defined Benefit OPEB Plan - NDPERS	4,304
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>489,144</u>
CURRENT LIABILITIES	
Accrued Liabilities	15,570
Total Current Liabilities	<u>15,570</u>
LONG-TERM LIABILITIES	
Compensated Absences	9,213
Net OPEB Liability	15,382
Net Pension Liability	2,046,677
Total Long-Term Liabilities	<u>2,071,272</u>
TOTAL LIABILITIES	<u>2,086,842</u>
DEFERRED INFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	60,147
Cost Sharing Defined Benefit Pension Plan - NDPERS	12,048
Cost Sharing Defined Benefit OPEB Plan - NDPERS	1,094
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>73,289</u>
NET POSITION	
Net Investment in Capital Assets	1,248,417
Restricted For:	
Capital Projects	187,417
Unrestricted	(765,143)
TOTAL NET POSITION	<u><u>\$ 670,691</u></u>

See Notes to the Basic Financial Statements

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Business Support Services	\$ 110,742	\$ -	\$ -	\$ (110,742)
Instructional Support Services	45,518	-	-	(45,518)
Administration	135,418	-	-	(135,418)
Operations and Maintenance	185,692	-	-	(185,692)
Transportation	197,335	-	-	(197,335)
Regular Instruction	1,686,173	-	276,125	(1,410,048)
Special Education	15,326	-	-	(15,326)
Extra-Curricular Activities	2,728	-	-	(2,728)
Food Services	77,297	45,373	37,616	5,692
Community Service	71,542	-	-	(71,542)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,527,771	\$ 45,373	\$ 313,741	(2,168,657)
GENERAL REVENUES				
Property Taxes, Levied for General Purposes				675,946
Property Taxes, Levied for Capital Projects				8,579
Aids and Payments from the State				1,615,650
Unrestricted Investment Earnings				3,890
Other Revenue				29,962
TOTAL GENERAL REVENUES				2,334,027
Change in Net Position				165,370
Net Position - Beginning As Originally Reported				518,475
GASB 75 Adjustment - See Note 14				(13,154)
Net Position - Beginning As Restated				505,321
Net Position - Ending				\$ 670,691

See Notes to the Basic Financial Statements

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Capital Projects Fund	Non-Major Food Service Fund	Total Governmental Funds
ASSETS				
Cash	\$ 695,768	\$ 186,475	\$ 4,057	\$ 886,300
Property Taxes Receivable	53,303	942	-	54,245
Accounts Receivable	152,716	-	-	152,716
TOTAL ASSETS	<u>\$ 901,787</u>	<u>\$ 187,417</u>	<u>\$ 4,057</u>	<u>\$ 1,093,261</u>
LIABILITIES				
Accrued Liabilities	\$ 15,417	\$ -	\$ 153	\$ 15,570
TOTAL LIABILITIES	<u>15,417</u>	<u>-</u>	<u>153</u>	<u>15,570</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Uncollected Taxes	36,756	903	-	37,659
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>36,756</u>	<u>903</u>	<u>-</u>	<u>37,659</u>
FUND BALANCES				
Restricted for Capital Projects	-	186,514	-	186,514
Assigned for Food Service	-	-	3,904	3,904
Unassigned	849,614	-	-	849,614
TOTAL FUND BALANCES	<u>849,614</u>	<u>186,514</u>	<u>3,904</u>	<u>1,040,032</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 901,787</u>	<u>\$ 187,417</u>	<u>\$ 4,057</u>	<u>\$ 1,093,261</u>

See Notes to the Basic Financial Statements

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds	\$ 1,040,032
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as net assets in government funds:

Cost of capital assets	\$ 3,078,553	
Less: Accumulated depreciation	<u>(1,830,136)</u>	
Net		1,248,417

Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	37,659
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Net deferred outflows/(inflows) of resources relating to the cost sharing defined benefit plan in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.	415,855
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Long-term liabilities, including special assessments, are not due and payable in the current period and therefore are not recorded as liabilities in the governmental funds.

Compensated Absences	(9,213)	
Net OPEB Liability	(15,382)	
Net Pension Liability	<u>(2,046,677)</u>	

Net Position - Governmental Activities	<u>\$ 670,691</u>
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MANVEL PUBLIC SCHOOL DISTRICT NO. 125
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects Fund	Non-Major Food Service Fund	Total Governmental Funds
REVENUES				
Local Property Tax Levies	\$ 688,616	\$ 10,602	\$ -	\$ 699,218
Revenue From State Sources	1,615,650	-	285	1,615,935
Revenue From Federal Sources	276,125	-	37,331	313,456
Other	33,852	-	45,373	79,225
TOTAL REVENUES	2,614,243	10,602	82,989	2,707,834
EXPENDITURES				
Current:				
Business Support Services	110,742	-	-	110,742
Instructional Support Services	45,518	-	-	45,518
Administration	135,418	-	-	135,418
Operations and Maintenance	192,150	5,117	-	197,267
Transportation	171,987	-	-	171,987
Regular Instruction	1,562,354	-	-	1,562,354
Special Education	15,326	-	-	15,326
Community Service	71,542	-	-	71,542
Extra - Curricular Activities	2,728	-	-	2,728
Food Services	-	-	77,297	77,297
TOTAL EXPENDITURES	2,307,765	5,117	77,297	2,390,179
Excess (Deficiency) of Revenues Over (Under) Expenditures	306,478	5,485	5,692	317,655
OTHER FINANCING SOURCES (USES)				
Transfers Out	(75,000)	-	-	(75,000)
Transfers In	-	75,000	-	75,000
TOTAL OTHER FINANCIAL SOURCES (USES)	(75,000)	75,000	-	-
Net Change in Fund Balance	231,478	80,485	5,692	317,655
Fund Balance - Beginning of Year	618,136	106,029	(1,788)	722,377
Fund Balance - End of Year	\$ 849,614	\$ 186,514	\$ 3,904	\$ 1,040,032

See Notes to the Basic Financial Statements

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balance - governmental funds \$ 317,655

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the useful lives as depreciation expense.

Capital Outlay	\$ 45,222
Depreciation Expense	<u>(90,905)</u>

Excess Depreciation Over Capital Outlay	(45,683)
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Changes in deferred outflows and inflows of resources related to net pension liability	(18,276)
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Change in Net OPEB Liability	58
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Change in Net Pension Liability	(72,120)
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These items consisted of the decrease in compensated absences. (1,571)

Some revenues will not be collected for several months after the District's fiscal year end. These revenues are considered "available" revenues in the governmental funds. These revenues consist of:

Net change in unavailable property taxes	<u>(14,693)</u>
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Net change in net position - governmental activities	<u>\$ 165,370</u>
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MANVEL PUBLIC SCHOOL DISTRICT NO. 125
STATEMENT OF ASSETS AND LIABILITIES – FIDUCIARY FUNDS
JUNE 30, 2018

ASSETS	
Cash and Cash Equivalents	<u>\$ 65,215</u>
TOTAL ASSETS	<u><u>\$ 65,215</u></u>
LIABILITIES	
Due to Student Groups	<u>\$ 65,215</u>
TOTAL LIABILITIES	<u><u>\$ 65,215</u></u>

See Notes to the Basic Financial Statements

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Manvel Public School District operates the public school for the City of Manvel.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements:

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements display information about the District as a whole.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end.

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

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

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

Fund Financial Statements:

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

Fund Accounting:

The District's funds consist of the following:

Governmental Funds:

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

General Fund:

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

Capital Projects Fund:

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

Non-major governmental funds are as follows:

Food Service Fund:

This fund is used to account for all activities associated with the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities.

Fiduciary Funds:

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

Student Activity Fund:

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

Measurement Focus and Basis of Accounting

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

The governmental funds are accounted for by using a flow of current financial resources measurement focus. Under this measurement focus, only current assets, current liabilities, and current deferred outflows/inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources and uses of current financial resources.

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

Basis of Accounting:

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

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

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

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

Revenues-Exchange and Non-Exchange Transactions:

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

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

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

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

Unearned Revenues:

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

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

Expenses and Expenditures:

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

Budgets and Budgetary Accounting:

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

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

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

2. The Board reviews the budget, may make revisions, and adopts the final budget on or before August 15th of each year. The budget is then filed with the county auditor by August 25th of each year.
3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10th of each year. The budget amounts shown in the financial statements are the final authorized amounts.
4. All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

Cash and Cash Equivalents:

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

Capital Assets:

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported as assets in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the District's fiscal year. The District has established a capitalization threshold of \$5,000. Donated fixed assets are recorded at acquisition values at the date received. The District does not have any infrastructure assets. Improvements that significantly extend the useful life of the asset are also capitalized.

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

Buildings and Improvements	25 to 75 Years
Equipment and Fixtures	20 Years
Vehicles	20 Years

Compensated Absences:

Upon termination, an employee will be paid for any unused sick days in excess of 75 days, at a rate of \$15 per day, and for unused personal and vacation days at their regular rate of pay at the time of termination.

Accrued Liabilities and Long-term Obligations:

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

Pensions:

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

Other Post-Employment Benefits (OPEB):

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

Fund Balance Classifications:

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

Nonspendable – consists of amounts that are not in spendable form, such as inventory and prepaid items.

Restricted – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions and administered by the North Dakota Department of Public Instruction.

Committed – consists of internally imposed constraints. These constraints are established by Resolution of the Board of Education.

Assigned – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the Board of Education and/or management.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

Net Position

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

Deferred Outflows/Inflows of Resources

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

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

Inter-fund Activity

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

Estimates

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

Revenue Recognition - Property Taxes

Taxes receivable consist of current and delinquent uncollected taxes at June 30, 2019.

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

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

Significant Group Concentrations of Credit Risk

As of June 30, 2019, the District's receivables consist of amounts due from other governmental units within the State of North Dakota and Grand Forks and Walsh Counties.

NOTE 3 CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

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

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

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

At June 30, 2019, the carrying amount of the District's deposits was \$892,560 and the bank balance was \$865,748. The entire bank balance was covered by Federal Depository Insurance or by collateral held by the District's Agent in the District's name in amounts sufficient to meet North Dakota legal requirements.

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

At June 30, 2018, the carrying amount of the District's deposits was \$951,515 and the bank balance was \$1,014,571. The entire bank balance was covered by Federal Depository Insurance or by collateral held by the District's Agent in the District's name in amounts sufficient to meet North Dakota legal requirements.

Interest income on cash and investments was \$5,359 and \$3,890 for the years ended June 30, 2019 and 2018, respectively.

Credit Risk

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

- a. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
- b. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- c. Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.
- d. Obligations of the state.

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 70,500	\$ -	\$ -	\$ 70,500
Total Capital Assets Not Being Depreciated	<u>70,500</u>	<u>-</u>	<u>-</u>	<u>70,500</u>
Capital Assets Being Depreciated				
Buildings	2,284,813	-	-	2,284,813
Equipment	262,728	7,300	-	270,028
Vehicles	460,512	-	-	460,512
Total Capital Assets Being Depreciated	<u>3,008,053</u>	<u>7,300</u>	<u>-</u>	<u>3,015,353</u>
Less Accumulated Depreciation				
Buildings	1,471,124	34,616	-	1,505,740
Equipment	172,470	17,314	-	189,784
Vehicles	186,542	39,417	-	225,959
Total Accumulated Depreciation	<u>1,830,136</u>	<u>91,347</u>	<u>-</u>	<u>1,921,483</u>
Net Capital Assets Being Depreciated	<u>1,177,917</u>	<u>(84,047)</u>	<u>-</u>	<u>1,093,870</u>
Net Capital Assets for Governmental Activities	<u>\$ 1,248,417</u>	<u>\$ (84,047)</u>	<u>\$ -</u>	<u>\$ 1,164,370</u>

In the governmental activities section of the statement of activities for the year ended June 30, 2019, depreciation expense was charged to the following governmental functions:

Regular Instruction	\$ 31,995
Maintenance and Operation	19,935
Transportation	39,417
	<u>\$ 91,347</u>

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

The following is a summary of changes in capital assets during the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 70,500	\$ -	\$ -	\$ 70,500
Total Capital Assets Not Being Depreciated	<u>70,500</u>	<u>-</u>	<u>-</u>	<u>70,500</u>
Capital Assets Being Depreciated				
Buildings	2,270,069	14,744	-	2,284,813
Equipment	232,250	30,478	-	262,728
Vehicles	460,512	-	-	460,512
Total Capital Assets Being Depreciated	<u>2,962,831</u>	<u>45,222</u>	<u>-</u>	<u>3,008,053</u>
Less Accumulated Depreciation				
Buildings	1,437,245	33,879	-	1,471,124
Equipment	155,536	16,934	-	172,470
Vehicles	146,450	40,092	-	186,542
Total Accumulated Depreciation	<u>1,739,231</u>	<u>90,905</u>	<u>-</u>	<u>1,830,136</u>
Net Capital Assets Being Depreciated	<u>1,223,600</u>	<u>(45,683)</u>	<u>-</u>	<u>1,177,917</u>
Net Capital Assets for Governmental Activities	<u>\$ 1,294,100</u>	<u>\$ (45,683)</u>	<u>\$ -</u>	<u>\$ 1,248,417</u>

In the governmental activities section of the statement of activities for the year ended June 30, 2018, depreciation expense was charged to the following governmental functions:

Regular Instruction	\$ 31,910
Maintenance and Operation	18,903
Transportation	40,092
	<u>\$ 90,905</u>

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

NOTE 5 LONG-TERM DEBT

Changes in Long-term Liabilities

During the years ended June 30, 2019 and 2018, the following changes occurred in liabilities reported in long-term liabilities.

As of June 30, 2019:

Title	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Due Within One Year
Compensated Absences	\$ 9,213	\$ 8,772	\$ 5,908	\$ 12,077	\$ -
Net OPEB Liability	15,382	6,956	4,845	17,493	
Net Pension Liability	2,046,677	634,796	631,780	2,049,693	-
Totals	<u>\$2,071,272</u>	<u>\$650,524</u>	<u>\$ 642,533</u>	<u>\$2,079,263</u>	<u>\$ -</u>

As of June 30, 2018:

Title	Balance 6/30/2017	Additions	Reductions	Balance 6/30/2018	Due Within One Year
Compensated Absences	\$ 7,642	\$ 7,880	\$ 6,309	\$ 9,213	\$ -
Net OPEB Liability	15,440	5,262	5,320	15,382	-
Net Pension Liability	1,974,557	722,953	650,833	2,046,677	-
Totals	<u>\$ 1,997,639</u>	<u>\$ 736,095</u>	<u>\$ 662,462</u>	<u>\$ 2,071,272</u>	<u>\$ -</u>

Compensated absences, net OPEB liability and net pension liability are generally liquidated by the District's general fund.

At June 30, 2019 and 2018, rental commitments under operating leases were not significant.

NOTE 6 FUND BALANCE

A. Classifications

At June 30, 2019, a summary of the governmental fund balance classifications are as follows:

	Capital Projects	Debt Service	Food Service	Total
Restricted For:				
Capital Projects	<u>\$ 195,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,078</u>
Assigned For:				
Food Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,992</u>	<u>\$ 5,992</u>

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

At June 30, 2018, a summary of the governmental fund balance classifications are as follows:

	Capital Projects	Debt Service	Food Service	Total
Restricted For:				
Capital Projects	\$ 186,514	\$ -	\$ -	\$ 186,514
Assigned For:				
Food Service	\$ -	\$ -	\$ 3,904	\$ 3,904

Restricted fund balances reflect resources restricted for statutorily defined purposes not accounted for in a separate fund. At June 30, 2019 and 2018, there were the following accounts:

Restricted for Capital Projects:

This account represents funds held by the School District available to pay for capital projects.

Assigned fund balances consist of internally imposed constraints. These constraints reflect the specific purpose for which it is the District' intended use. These constraints are established by the Board of Education and/or management:

Assigned for Food Service:

This account represents funds held by the School District available to pay for the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities.

B. Minimum Fund Balance Policy

The Board of Education has not formally adopted a fund balance policy for the General Fund, however, the Board tries to maintain a year-end target fund balance of 25% for cash flow timing needs (working capital) and contingencies.

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATEWIDE

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

Disclosures relating to these plans follow:

North Dakota Teacher's Fund For Retirement

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

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

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

Pension Benefits

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

Tier 1 Grandfathered

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

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

Tier 1 Non-grandfathered

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

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
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Tier 2

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

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

Death and Disability Benefits

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

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

Member and Employer Contributions

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

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
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Pension Costs

At June 30, 2019, the District reported a liability of \$1,650,438 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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 June 30, 2018, the Employer's proportion was 0.123827 percent which was a decrease of 0.001066 from its proportion measured as of June 30, 2017.

At June 30, 2018, the District reported a liability of \$1,715,439 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 June 30, 2017, the Employer's proportion was 0.124893 percent which was an increase of 0.001258 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2019, the Employer recognized pension expense of \$140,304. At June 30, 2019, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,479	\$ 44,887
Changes in actuarial assumptions	90,920	-
Difference between projected and actual investment earnings	-	5,706
Changes in proportion	33,180	42,638
Contributions paid to TFFR subsequent to the measurement date	125,570	-
Total	\$ 254,149	\$ 93,231

\$125,570 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

For the year ended June 30, 2018, the Employer recognized pension expense of \$161,655. At June 30, 2018, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 6,580	\$ 18,726
Changes in actuarial assumptions	122,270	-
Difference between projected and actual investment earnings	23,695	-
Changes in proportion	40,927	41,421
Contributions paid to TFFR subsequent to the measurement date	107,327	-
Total	\$ 300,799	\$ 60,147

\$107,327 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2019 will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2020	\$ 48,435
2021	25,363
2022	(15,113)
2023	(9,887)
2024	(6,581)
Thereafter	(6,869)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2018 will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2019	\$ 26,133
2020	63,299
2021	40,029
2022	(796)
2023	4,386
Thereafter	274

Actuarial Assumptions

The total pension liability in the July 1, 2018 and 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

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

The actuarial assumptions used were based on the results of an actuarial experience study dated April 30, 2015. They are the same as the assumptions used in the July 1, 2018, funding actuarial valuation for TFFR.

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	58.00%	6.70%
Global Fixed Income	23.00%	1.50%
Global Real Assets	18.00%	5.10%
Cash Equivalents	1.00%	0.00%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2018 are summarized in the following table:

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NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	58.00%	6.70%
Global Fixed Income	23.00%	0.80%
Global Real Assets	18.00%	5.20%
Cash Equivalents	1.00%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2018. 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, 2018, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2018. 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, 2018.

Pension Liability Sensitivity

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75 percent) or 1 percentage point higher (8.75 percent) than the current rate at June 30, 2019 and 2018 respectively:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	6.75%	7.75%	8.75%
School's proportionate share of the TFFR net pension liability:	\$ 2,228,569	\$ 1,650,438	\$ 1,169,613

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	6.75%	7.75%	8.75%
School's proportionate share of the TFFR net pension liability:	\$ 2,280,706	\$ 1,715,439	\$ 1,244,871

Pension Plan Fiduciary Net Position

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

North Dakota Public Employees' Retirement System

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

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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 seven 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; and one member elected by the retired public employees.

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). The annual 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 of disabled is set by the NDPERS in the North Dakota Administrative Code.

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
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Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At June 30, 2019, the District reported a liability of \$399,255 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2018, the District's proportion was 0.023658 percent which was an increase of 0.003050 from its proportion measured as of June 30, 2017.

At June 30, 2018, the District reported a liability of \$331,238 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2017, the District's proportion was 0.020608 percent which was an increase of 0.003860 from its proportion measured as of June 30, 2016.

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NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
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For the year ended June 30, 2019, the District recognized pension expense of \$75,619. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,057	\$ 13,583
Changes in actuarial assumptions	144,123	5,699
Difference between projected and actual investment earnings	-	1,942
Changes in proportion	42,497	2,033
Contributions paid to NDPERS subsequent to the measurement date	22,633	-
Total	\$ 210,310	\$ 23,257

\$22,633 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

For the year ended June 30, 2018, the District recognized pension expense of \$54,632. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,969	\$ 1,614
Changes in actuarial assumptions	135,830	7,471
Difference between projected and actual investment earnings	4,455	-
Changes in proportion	24,213	2,963
Contributions paid to NDPERS subsequent to the measurement date	17,574	-
Total	\$ 184,041	\$ 12,048

\$17,574 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2019 will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense Amount
2020	\$ 50,846
2021	45,541
2022	40,143
2023	24,656
2024	3,234

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NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2018 will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	<u>Pension Expense Amount</u>
2019	\$ 33,369
2020	39,482
2021	34,862
2022	30,255
2023	16,451

Actuarial Assumptions

The total pension liability in the July 1, 2018 and 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%		
Salary increases	<u>Service At</u>	<u>State Employee</u>	<u>Non-State Employee</u>
	<u>Beginning of Year</u>		
	0	12.00%	15.00%
	1	9.50%	10.00%
	2	7.25%	8.00%
	<u>Age</u>		
	Under 30	7.25%	10.00%
	30-39	6.50%	7.50%
	40-49	6.25%	6.75%
	50-59	5.75%	6.50%
	60+	5.00%	5.25%

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

Investment rate of return 7.75%, net of investment expenses
 Cost-of-living adjustments None

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2019 are summarized in the following table:

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.00%	6.05%
International Equity	21.00%	6.71%
Private Equity	7.00%	10.20%
Domestic Fixed Income	23.00%	1.45%
Global Real Assets	19.00%	5.11%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00%	6.05%
International Equity	21.00%	6.70%
Private Equity	5.00%	10.20%
Domestic Fixed Income	17.00%	1.43%
International Fixed Inc.	5.00%	-0.45%
Global Real Assets	20.00%	5.16%
Cash Equivalents	1.00%	0.00%

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 7.75%; the municipal bond rate is 3.62%; and the resulting Single Discount Rate is 6.32%.

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
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For the June 30, 2017 valuation, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year of 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

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, 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 or 1 percentage point higher than the current rate at June 30, 2019 and 2018 respectively:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	5.32%	6.32%	7.32%
School's proportionate share of the NDPERS net pension liability:	\$ 542,513	\$ 399,255	\$ 279,710

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	5.44%	6.44%	7.44%
School's proportionate share of the NDPERS net pension liability:	\$ 449,666	\$ 331,238	\$ 232,711

Pension Plan Fiduciary Net Position

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

For the fiscal year ended June 30, 2018 only:

Benefit and contribution provisions are administered in accordance with Chapter 54-52 of the North Dakota Century Code. This state statute requires that 7% of the participant's salary be contributed to the plan by either the employee or by the employer under a "salary reduction" agreement for the year ended June 30, 2018. Manvel Public School District No. 125 is required to contribute 7.12% of each participant's salary as the employer's share for the year ended June 30, 2018. In addition to the 7.12% employer contribution, the employer is required to contribute 1.14% of each participating employee's gross wage to a prefunded retiree health insurance program.

The required contributions are determined using an entry age normal actuarial funding method. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. Manvel Public School District No. 125's required and actual contributions to NDPERS for the fiscal year ended June 30, 2018 was \$15,255.

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
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NOTE 8 DEFINED BENEFIT OPEB PLAN

Defined Benefit OPEB Plan

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

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

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. 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.

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

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

At June 30, 2019, the District reported a liability of \$17,493 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2018, the District's proportion was 0.022212 percent which was an increase of 0.002766 percent from its proportion measured as of July 1, 2017.

At June 30, 2018, the District reported a liability of \$15,382 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2018, the District's proportion was 0.019446 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of \$2,424. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 524	\$ 361
Changes of assumptions	1,435	-
Net difference between projected and actual earnings on OPEB plan investments	-	376
Changes in proportion and differences between employer contributions and proportionate share of contribution	1,794	113
District contributions subsequent to the measurement date	3,637	-
Total	\$ 7,390	\$ 850

\$3,637 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

For the year ended June 30, 2018 the District recognized OPEB expense of \$1,832. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 375
Changes of assumptions	1,490	-
Net difference between projected and actual earnings on OPEB plan investments	-	582
Changes in proportion and differences between employer contributions and proportionate share of contribution	-	137
District contributions subsequent to the measurement date	2,814	-
Total	\$ 4,304	\$ 1,094

\$2,814 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs as of June 30, 2019 will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	<u>Pension Expense Amount</u>
2020	\$ 410
2021	410
2022	410
2023	576
2024	546
Thereafter	551

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs as of June 30, 2018 will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	<u>Pension Expense Amount</u>
2019	\$ 7
2020	7
2021	7
2022	7
2023	152
2024	152
Thereafter	64

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

Actuarial assumptions

The total OPEB liability in the July 1, 2018 and 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Not applicable
Investment rate of return	7.50%, net of investment expenses
Cost-of-living adjustments	None

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

The long-term expected 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected
		Real Rate of Return
Large Cap Domestic Equities	37.00%	7.15%
Small Cap Domestic Equities	9.00%	14.42%
International Equities	14.00%	8.83%
Core-Plus Fixed Income	40.00%	0.10%

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, 2017 are summarized in the following table:

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap Domestic Equities	37.00%	5.80%
Small Cap Domestic Equities	9.00%	7.05%
International Equities	14.00%	6.20%
Core-Plus Fixed Income	40.00%	1.56%

Discount rate

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 7.50 percent, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate June 30, 2019 and 2018 respectively:

	1% Decrease in Discount Rate 6.50%	Discount Rate 7.50%	1% Increase in Discount Rate 8.50%
District's proportionate share of the net OPEB liability	\$ 22,133	\$ 17,493	\$ 13,516

	1% Decrease in Discount Rate 6.50%	Discount Rate 7.50%	1% Increase in Discount Rate 8.50%
District's proportionate share of the net OPEB liability	\$ 19,256	\$ 15,382	\$ 12,061

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

NOTE 9 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRF), 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 NDRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDRF is limited to losses on one million dollars per occurrence.

The District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund.

The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period.

The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

NOTE 10 CONTINGENT LIABILITIES

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

NOTE 11 NON-MONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its hot lunch program. The market value of commodities received for the years ended June 30, 2019 and 2018 was \$7,391 and \$9,389, respectively.

NOTE 12 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The purpose of the interfund loans is to cover cash shortages in the Food Service fund. There were no cash shortages in the Food Service fund for the years ended June 30, 2019 and 2018.

The District did not have any transfers as of June 30, 2019.

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

The District made the following transfers as of June 30, 2018:

Fund	Transfers In	Transfer Out
General	\$ -	\$ 75,000
Capital Projects	75,000	-
Total Transfers	<u>\$ 75,000</u>	<u>\$ 75,000</u>

The transfers between the General Fund and the Capital Projects Fund were normal operating transfers to fund capital projects.

NOTE 13 NEW PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance for reporting when a government has majority equity interest in legally separate organizations. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. If government's holding of that equity interest meets the definition of an investment, as defined by GASB No. 72, the equity interest should be reported as an investment and measured using the equity method and not as a component unit of the government. If a government's holding of a majority interest in a legally separate organization does not meet the definition of an investment, the holding of the majority equity interest results in the government being financially accountable for the organization and therefore, the government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019 AND 2018

arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

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

NOTE 14 CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

This District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As a result, beginning net position has been restated to reflect the related net OPEB liability and deferred outflows of resources as of July 1, 2017 as follows:

Net Position July 1, 2017, as previously reported	\$ 518,475
Restatement for OPEB accounting:	
Net OPEB Liability	(15,440)
OPEB related Deferred Outflows of Resources	<u>2,286</u>
Net Position July 1, 2017, as restated	<u>\$ 505,321</u>

NOTE 15 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through February 25, 2020, which is the date these financial statements were available to be issued.

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance Positive/(Negative)
	Original	Final		
REVENUES				
Local Property Tax Levies	\$ 700,315	\$ 700,315	\$ 665,256	\$ (35,059)
Revenue from State Sources	1,485,380	1,485,380	1,470,941	(14,439)
Revenue from Federal Sources	292,103	292,103	140,544	(151,559)
Other Revenue	22,000	22,000	52,407	30,407
TOTAL REVENUES	2,499,798	2,499,798	2,329,148	(170,650)
EXPENDITURES				
Current:				
Business Support Services	124,756	124,756	128,702	(3,946)
Instructional Support Services	36,356	36,356	42,523	(6,167)
Administration	189,193	189,193	184,907	4,286
Operations and Maintenance	155,804	155,804	119,576	36,228
Transportation	135,137	135,137	119,938	15,199
Regular Instruction	1,781,697	1,781,697	1,834,124	(52,427)
Special Education	45,567	45,567	40,179	5,388
Community Service	65,699	65,699	66,330	(631)
Extra - Curricular Activities	4,319	4,319	1,993	2,326
TOTAL EXPENDITURES	2,538,528	2,538,528	2,538,272	256
Excess (Deficiency) of Revenues Over Expenditures	(38,730)	(38,730)	(209,124)	(170,394)
Excess (Deficiency) of Revenues Other Sources Over Expenditures	(38,730)	(38,730)	(209,124)	(170,394)
Fund Balances - Beginning	849,614	849,614	849,614	-
Fund Balances - Ending	\$ 810,884	\$ 810,884	\$ 640,490	\$ (170,394)

See Notes to the Budgetary Comparison Schedules for the General Fund

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance Positive/(Negative)
	Original	Final		
REVENUES				
Local Property Tax Levies	\$ 697,405	\$ 697,405	\$ 688,616	\$ (8,789)
Revenue from State Sources	1,593,787	1,593,787	1,615,650	21,863
Revenue from Federal Sources	184,127	184,127	276,125	91,998
Other Revenue	25,775	25,775	33,852	8,077
TOTAL REVENUES	2,501,094	2,501,094	2,614,243	113,149
EXPENDITURES				
Current:				
Business Support Services	124,400	124,400	110,742	13,658
Instructional Support Services	36,507	36,507	45,518	(9,011)
Administration	158,107	158,107	135,418	22,689
Operations and Maintenance	102,100	102,100	192,150	(90,050)
Transportation	167,200	167,200	171,987	(4,787)
Regular Instruction	1,710,053	1,710,053	1,562,354	147,699
Special Education	10,950	10,950	15,326	(4,376)
Community Service	67,499	67,499	71,542	(4,043)
Extra - Curricular Activities	3,000	3,000	2,728	272
TOTAL EXPENDITURES	2,379,816	2,379,816	2,307,765	72,051
Excess (Deficiency) of Revenues Over Expenditures	121,278	121,278	306,478	185,200
OTHER FINANCING USES				
Transfers Out	-	-	(75,000)	(75,000)
TOTAL OTHER FINANCING USES	-	-	(75,000)	(75,000)
Excess (Deficiency) of Revenues Other Sources Over Expenditures	121,278	121,278	231,478	110,200
Fund Balances - Beginning	618,136	618,136	618,136	-
Fund Balances - Ending	\$ 739,414	\$ 739,414	\$ 849,614	\$ 110,200

See Notes to the Budgetary Comparison Schedules for the General Funds

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTES TO THE BUDGETARY COMPARISON SCHEDULES FOR THE GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

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

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

1. The administration prepares the District's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.
2. The Board reviews the budget, may make revisions, and adopts the final budget on or before August 15th of each year. The budget is then filed with the county auditor by August 25th of each year.
3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10th of each year. The budget amounts shown in the financial statements are the final authorized amounts.
4. All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE TFFR AND NDPERS PENSION PLANS
LAST TEN YEARS

Teachers Fund for Retirement

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 125,570	\$ 125,570	-	\$ 984,860	12.75%
2018	107,327	107,327	-	841,787	12.75%
2017	107,481	107,481	-	842,992	12.75%
2016	102,643	102,643	-	805,041	12.75%
2015	94,159	94,159	-	738,498	12.75%

North Dakota Public Employees Retirement System

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 22,633	\$ 22,633	-	\$ 317,879	7.12%
2018	17,574	17,574	-	243,042	7.23%
2017	14,214	14,214	-	199,636	7.12%
2016	12,277	12,277	-	172,013	7.14%
2015	12,541	12,541	-	151,830	8.26%

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

See Note to the Required Supplementary Information

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE NDPERS OPEB PLAN
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

North Dakota Public Employees Retirement System – OPEB

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2019	\$ 3,637	\$ 3,637	-	\$ 317,879	1.14%
2018	2,814	2,814	-	243,042	1.16%

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

See Note to the Required Supplementary Information

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

Teachers Fund for Retirement

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.123827%	\$ 1,650,438	\$ 841,787	196.06%	65.50%
2017	0.124893%	1,715,439	842,992	203.49%	63.20%
2016	0.123635%	1,811,331	805,041	225.00%	59.20%
2015	0.120305%	1,573,415	738,498	213.06%	62.10%
2014	0.126560%	1,326,124	734,118	180.64%	66.60%

North Dakota Public Employees Retirement System

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.023658%	\$ 399,255	\$ 243,042	164.27%	62.80%
2017	0.020608%	331,238	199,636	165.92%	61.98%
2016	0.016748%	163,226	172,013	94.89%	70.46%
2015	0.017043%	115,889	151,830	76.33%	77.15%
2014	0.017523%	111,222	158,231	70.29%	77.70%

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

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

See Note to the Required Supplementary Information

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
AS OF JUNE 30, 2019

North Dakota Public Employees Retirement System - OPEB

For the Fiscal Year Ended June 30	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered - employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.02221%	\$ 17,493	243,042	7.20%	61.89%
2017	0.01945%	15,382	199,636	7.71%	59.78%

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

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 CHANGE OF ASSUMPTIONS

TFFR Pension Plan

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

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

NDPERS Pension Plan

Amounts reported in 2019 reflect actuarial assumption changes effective July 1, 2018 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

NDPERS OPEB

Amounts reported in 2019 reflect actuarial assumption changes effective July 1, 2018 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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

To the Board of Education
Manvel Public School District No. 125
Manvel, 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 Manvel Public School District No. 125 as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Manvel Public School District No. 125's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manvel Public School District No. 125's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

February 25, 2020

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

2019-001 Finding

Criteria

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

Condition

The organization has one employee who is responsible for all accounting functions involved. The employee handles all income monies, prepares the receipts documents, prepares the deposits, issues all checks and distributes them, receives the bank statements and does the reconciliations. The employee also records the receipts and disbursements to the journals and maintains the general ledger. Considering the size of the entity, it is not feasible to obtain proper separation of duties and the degree of internal control is severely limited.

Effect

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

Recommendation

The District's current structure does not allow for proper segregation of duties to assure adequate internal control over financial reporting. The Board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

Management's Response

Some procedures to promote segregation of duties have been implemented. Funds are counted by other individuals prior to being given to the Business Manager to receipt and deposit at the various financial institutions.

The Administrator will start reviewing monthly files of receipt, journal entries and account transfers.

The Administrator and Principal will start to review monthly bills before payments are made.

The Board of Education reviews and approves all checks written.

The District will segregate other duties when feasible.

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

2019-002 Finding

Criteria

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

Condition

The District's auditors prepared the financial statements as of June 30, 2019 and 2018. In addition, adjusting entries were proposed to bring the financial statements into compliance with accounting principles generally accepted in the United States of America (GAAP). An appropriate system of internal controls requires that a District must make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with GAAP. This requires the District's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures.

Effect

The Superintendent is aware of the deficiency and addresses it by reviewing and approving the adjusting journal entries and the completed statements prior to distribution to end users.

Recommendation

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Management and those charged with governance should consider the design of its internal control system and the changes required to permit the identification of journal entries required to maintain a general ledger and preparation of the financial statements and accompanying notes in conformity with accounting principles generally accepted in the United States of America (GAAP). As a compensating control the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Management's Response

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

MANVEL PUBLIC SCHOOL DISTRICT NO. 125
MANVEL, NORTH DAKOTA

MANAGEMENT REPORT

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

MANAGEMENT LETTER

To the Board of Education
Manvel Public School District No. 125
Manvel, North Dakota

In planning and performing our audit of the financial statements Manvel Public School District No. 125 for the years ended June 30, 2019, and 2018 in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of several matters that were opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. A separate report dated February 25, 2020, contains our report on the significant deficiencies in the District's internal control. This letter does not affect our report dated February 25, 2020, on the financial statements of Manvel Public School District No. 125.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Manvel Public School District No. 125 personnel, and we will be pleased to discuss the comments in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing these recommendations.

This report is intended solely for the information and use of the Board of Education and management and should not be used for any other purpose. We did not audit the District's responses included in this letter, and accordingly, express no opinion on them.

We wish to take this opportunity to thank the Board of Education and management for the opportunity to provide these services and to extend our thanks to your personnel for their cooperation and assistance during our engagement.

If you have any questions in regard to our audit, or desire aid in the design or implementation of recommended changes in the control structure of your District, please do not hesitate to contact us.



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

February 25, 2020

Manvel Public School District #125
Management Letter Memorandum
For the Years Ended June 30, 2019 and 2018

1. Observation

It was noted during our review of the board minutes, that only the total amount of checks approved is listed for cash disbursements and does not list the detail of these checks.

Recommendation

We recommend that the dollar value figure includes all items approved.

AUDIT COMMITTEE LETTER

To the Audit Committee
Manvel Public School District No. 125
Manvel, North Dakota

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Manvel Public School District No. 125 for the years ended June 30, 2019 and 2018 and have issued our report thereon dated February 25, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 10, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Manvel Public School District No. 125 are described in Note 2 to the financial statements. As described in Note 14, the District changed accounting policies related to OPEB plans by adopting GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, in 2018. We noted no transactions entered into by the governmental unit during the years ended June 30, 2019 and 2018 for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting Manvel Public School District No. 125's financial statements were:

Management's estimates include assumptions used in determining the net pension liability for cost sharing defined benefit plans. We evaluated the key factors and assumptions used to determine future liabilities for defined benefit plans in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimates include assumptions used in determining the net OPEB liability for its NDPERS OPEB cost sharing defined benefit plan. We evaluated the key factors and assumptions used to determine the future liability for the defined benefit plan in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements which are included in the attached schedule. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 25, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedules, schedule of District's contributions to the TFFR and NDPERS retirement plans, schedule of District's contributions to the NDPERS OPEB plan, the schedule of District's proportionate share of net pension liability, and schedule of District's proportionate share of net OPEB liability which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the roster of school officials, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Board of Education and management of Manvel Public School District No. 125 and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



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

February 25, 2020

Client: 15663 - Manvel Public School District
 Engagement: Manvel Public School District No. 125
 Period Ending: 6/30/2019
 Trial Balance: Government Fund Trial Balance - Yr 1
 Workpaper: 2201.00 - Adjusting Journal Entries Report - Yr 1
 Fund Level: All
 Index: All

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		TB		
To record 2017 audit entries				
01 101	CASH		448.60	
01 122	TAXES RECEIVABLE		11,498.44	
01 122	TAXES RECEIVABLE		16,767.00	
01 122	TAXES RECEIVABLE		15,059.99	
01 153	ACCOUNTS RECEIVABLE		70,589.44	
01 153	ACCOUNTS RECEIVABLE		9,104.43	
01 153	ACCOUNTS RECEIVABLE		50,895.57	
01 303	DEFERRED REVENUE		41,795.26	
01 303	DEFERRED REVENUE		875.12	
01 421	ACCOUNTS PAYABLE		8,055.45	
01 475	HEALTH INSURANCE PAYABLE		12,848.10	
01 700	FUND EQUITY		41,013.21	
01 700	FUND EQUITY		43,854.77	
01 700	FUND EQUITY		10,753.18	
01 700	FUND EQUITY		2,328.30	
01 700	FUND EQUITY		7,741.97	
01 700	FUND EQUITY		15,000.00	
01 700	FUND EQUITY		65,457.86	
01 700	FUND EQUITY		46,174.84	
01 700	FUND EQUITY		16,852.63	
01 700	FUND EQUITY		178.00	
03 101	CASH		377.46	
03 122	TAXES RECEIVABLE		1,621.06	
03 122	TAXES RECEIVABLE		2,147.02	
03 303	DEFERRED REVENUE		4,640.73	
03 303	DEFERRED REVENUE		682.99	
03 421	ACCOUNTS PAYABLE		15,230.10	
03 700	FUND EQUITY		161.89	
03 700	FUND EQUITY		1,239.60	
03 700	FUND EQUITY		448.60	
03 700	FUND EQUITY		158.02	
04 700	FUND EQUITY		377.46	
05 101	CASH		12,201.60	
05 475	HEALTH INSURANCE PAYABLE		646.50	
05 479	FIT PAYABLE		43.83	
05 481	AFLAC PAYABLE		24.04	
05 700	FUND EQUITY		1,537.12	
05 700	FUND EQUITY		251.25	
01 101	CASH			12,201.60
01 122	TAXES RECEIVABLE			22,628.19
01 153	ACCOUNTS RECEIVABLE			41,013.21
01 153	ACCOUNTS RECEIVABLE			43,854.77
01 153	ACCOUNTS RECEIVABLE			7,741.97
01 153	ACCOUNTS RECEIVABLE			46,174.84
01 153	ACCOUNTS RECEIVABLE			16,852.63
01 303	DEFERRED REVENUE			27,520.18
01 303	DEFERRED REVENUE			10,346.53
01 472	FICA PAYABLE			2,328.30
01 472	FICA PAYABLE			584.56
01 475	HEALTH INSURANCE PAYABLE			15,000.00
01 475	HEALTH INSURANCE PAYABLE			646.50
01 475	HEALTH INSURANCE PAYABLE			64,893.30
01 700	FUND EQUITY			8,055.45
01 700	FUND EQUITY			19,187.07
01 700	FUND EQUITY			70,589.44
01 700	FUND EQUITY			12,173.56

01 700	FUND EQUITY		448.60
01 700	FUND EQUITY		4,713.46
01 700	FUND EQUITY		9,104.43
01 700	FUND EQUITY		50,896.57
03 101	CASH		178.00
03 122	TAXES RECEIVABLE		448.60
03 122	TAXES RECEIVABLE		3,502.10
03 153	ACCOUNTS RECEIVABLE		1,922.59
03 303	DEFERRED REVENUE		161.89
03 303	DEFERRED REVENUE		1,148.04
03 700	FUND EQUITY		2,305.04
03 700	FUND EQUITY		15,230.10
03 700	FUND EQUITY		1,138.63
03 700	FUND EQUITY		473.02
04 101	CASH		377.46
05 472	FICA PAYABLE		377.46
05 472	FICA PAYABLE		51.67
05 475	HEALTH INSURANCE PAYABLE		31.72
05 475	HEALTH INSURANCE PAYABLE		12,848.10
05 475	HEALTH INSURANCE PAYABLE		1,477.45
05 481	AFLAC PAYABLE		243.57
Total		528,661.43	528,661.43

Adjusting Journal Entries JE # 2

Adjust federal Revenue and receivables to actual.

4240.00

01 068 4510	TITLE I	9,104.43	
01 070 4511	TITLE 1 - MIGRANT EDUCATION	50,896.00	
01 153	ACCOUNTS RECEIVABLE	20,196.08	
01 153	ACCOUNTS RECEIVABLE	8,682.34	
01 153	ACCOUNTS RECEIVABLE	114,000.00	
01 153	ACCOUNTS RECEIVABLE	10,000.00	
01 000 4517	TITLE IIA		8,682.34
01 068 4510	TITLE I		20,196.08
01 070 4511	TITLE 1 - MIGRANT EDUCATION		114,000.00
01 078 4525	TITLE IV		10,000.00
01 153	ACCOUNTS RECEIVABLE		9,104.43
01 153	ACCOUNTS RECEIVABLE		50,896.00
Total		212,878.85	212,878.85

Adjusting Journal Entries JE # 3

To adjust payroll liabilities to actual.

5202.00

01 475	HEALTH INSURANCE PAYABLE	29,689.80	
01 481	AFLAC PAYABLE	3,521.78	
01 000 000 120 1000 110	SALARY TEACHER 1-6		3,521.78
01 471	PAYROLL DEDUCTION PAYABLE		14,944.90
01 472	FICA PAYABLE		14,944.90
01 000 000 120 1000 210	HEALTH INSURANCE GRADES 1-6		
01 000 000 130 1000 210	HEALTH INS 7-8		
01 475	HEALTH INSURANCE PAYABLE		
Total		33,411.58	33,411.58

Adjusting Journal Entries JE # 4

To adjust taxes rec and deferred rev to actual.

4230.00

01 000 1110	DISTRICT PROPERTY TAX	8,754.03	
01 303	DEFERRED REVENUE	12,669.39	
03 000 1161	BUILDING LEVY	174.63	
03 303	DEFERRED REVENUE	2,023.54	
01 122	TAXES RECEIVABLE		21,423.42
03 122	TAXES RECEIVABLE		2,196.17
Total		23,621.59	23,621.59

Adjusting Journal Entries JE # 5

To move property tax revenue received on 07/17/2017 received from Grand Forks County to proper accounts.

4230.00

01 000 1110	DISTRICT PROPERTY TAX	692.47	
03 000 1162	SPECIAL ASSESSMENTS LEVY	73.51	
03 101	CASH	692.47	
01 101	CASH		692.47

03.000.1161
Total

BUILDING LEVY

Total Adjusting Journal Entries

Total All Journal Entries

	765.98
1,458.45	1,458.45
800,031.90	800,031.90
800,031.90	800,031.90

Client: 15663 - Manvel Public School District
Engagement: Manvel Public School District No. 125
Period Ending: 6/30/2019
Trial Balance: Government Fund Trial Balance - Yr 2
Workpaper: Combined Journal Entries Report
Fund Level: All
Index: All

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To record 2017 audit entries				
		TB		
01 101	CASH		448.60	
01 122	TAXES RECEIVABLE		16,767.00	
01 122	TAXES RECEIVABLE		15,058.99	
01 122	TAXES RECEIVABLE		11,498.44	
01 153	ACCOUNTS RECEIVABLE		9,104.43	
01 153	ACCOUNTS RECEIVABLE		50,895.57	
01 153	ACCOUNTS RECEIVABLE		70,569.44	
01 303	DEFERRED REVENUE		41,785.26	
01 303	DEFERRED REVENUE		675.12	
01 421	ACCOUNTS PAYABLE		8,055.45	
01 475	HEALTH INSURANCE PAYABLE		12,848.10	
01 700	FUND EQUITY		62,627.47	
01 700	FUND EQUITY		10,753.18	
01 700	FUND EQUITY		2,328.30	
01 700	FUND EQUITY		7,741.97	
01 700	FUND EQUITY		15,000.00	
01 700	FUND EQUITY		41,013.21	
01 700	FUND EQUITY		43,854.77	
01 700	FUND EQUITY		66,457.86	
03 101	CASH		377.46	
03 122	TAXES RECEIVABLE		2,147.02	
03 122	TAXES RECEIVABLE		1,621.06	
03 303	DEFERRED REVENUE		4,640.73	
03 303	DEFERRED REVENUE		682.99	
03 421	ACCOUNTS PAYABLE		15,230.10	
03 700	FUND EQUITY		161.89	
03 700	FUND EQUITY		158.02	
03 700	FUND EQUITY		1,239.60	
03 700	FUND EQUITY		448.60	
04 700	FUND EQUITY		377.46	
05 101	CASH		12,201.60	
05 475	HEALTH INSURANCE PAYABLE		646.50	
05 479	FICA PAYABLE		43.83	
05 481	AFLAC PAYABLE		24.04	
05 700	FUND EQUITY		1,537.12	
05 700	FUND EQUITY		251.25	
01 101	CASH			12,201.60
01 122	TAXES RECEIVABLE			22,628.19
01 153	ACCOUNTS RECEIVABLE			41,013.21
01 153	ACCOUNTS RECEIVABLE			43,854.77
01 153	ACCOUNTS RECEIVABLE			7,741.97
01 153	ACCOUNTS RECEIVABLE			46,174.84
01 153	ACCOUNTS RECEIVABLE			16,652.83
01 303	DEFERRED REVENUE			27,520.18
01 303	DEFERRED REVENUE			10,346.53
01 472	FICA PAYABLE			564.56
01 472	FICA PAYABLE			2,328.30
01 475	HEALTH INSURANCE PAYABLE			15,000.00
01 475	HEALTH INSURANCE PAYABLE			646.50
01 475	HEALTH INSURANCE PAYABLE			64,893.30
01 700	FUND EQUITY			8,055.45
01 700	FUND EQUITY			19,167.07
01 700	FUND EQUITY			70,569.44
01 700	FUND EQUITY			12,173.56
01 700	FUND EQUITY			448.60
01 700	FUND EQUITY			4,713.46
01 700	FUND EQUITY			60,000.00
03 101	CASH			448.60
03 122	TAXES RECEIVABLE			1,622.59
03 122	TAXES RECEIVABLE			3,502.10
03 153	ACCOUNTS RECEIVABLE			161.89
03 303	DEFERRED REVENUE			1,148.04
03 303	DEFERRED REVENUE			2,305.04
03 700	FUND EQUITY			15,230.10
03 700	FUND EQUITY			1,138.83
03 700	FUND EQUITY			473.02
03 700	FUND EQUITY			377.46
04 101	CASH			377.46
05 472	FICA PAYABLE			51.67
05 472	FICA PAYABLE			31.72

05 475	HEALTH INSURANCE PAYABLE		243.57	
05 475	HEALTH INSURANCE PAYABLE		12,848.10	
05 475	HEALTH INSURANCE PAYABLE		1,477.45	
05 481	AFLAC PAYABLE		51.83	
Total		528,483.43	528,483.43	
Adjusting Journal Entries JE # 2				
To adjust property taxes receivable and deferred revenues to actual		4230.00		
01 000 1110	DISTRICT PROPERTY TAX	9,106.69		
01 303	DEFERRED REVENUE	3,013.12		
03 000 1161	BUILDING LEVY	101.04		
03 303	DEFERRED REVENUE	2,072.84		
01 122	TAXES RECEIVABLE		13,019.81	
03 122	TAXES RECEIVABLE		2,173.88	
Total		15,193.69	15,193.69	
Adjusting Journal Entries JE # 3				
To add 2018 receivables.		4240.00		
01 153	ACCOUNTS RECEIVABLE	152,878.42		
01 700	FUND EQUITY	60,000.00		
01 153	ACCOUNTS RECEIVABLE		60,000.00	
01 700	FUND EQUITY		152,878.42	
Total		212,878.42	212,878.42	
Adjusting Journal Entries JE # 4				
To reverse 2018 receivables.		4240.00		
01 000 4517	TITLE IIIA	8,082.34		
01 068 4510	TITLE I	20,196.08		
01 070 4511	TITLE 1 - MIGRANT EDUCATION	114,000.00		
01 078 4525	TITLE IV	10,000.00		
01 153	ACCOUNTS RECEIVABLE		152,878.42	
Total		152,878.42	152,878.42	
Adjusting Journal Entries JE # 5				
To add 2019 receivables.		4240.00		
01 153	ACCOUNTS RECEIVABLE	8,812.12		
01 078 4525	TITLE IV		8,812.12	
Total		8,812.12	8,812.12	
Adjusting Journal Entries JE # 6				
To add 2018 accrued liability entries		5202.00		
01 475	HEALTH INSURANCE PAYABLE	29,889.80		
01 481	AFLAC PAYABLE	3,521.78		
01 471	PAYROLL DEDUCTION PAYABLE		14,944.90	
01 472	FICA PAYABLE		14,944.90	
01 700	FUND EQUITY		3,521.78	
Total		33,411.58	33,411.58	
Adjusting Journal Entries JE # 7				
To reverse 2018 accrued liability entry		5202.00		
01 000 000 120 1000 110	SALARY TEACHER 1-6	3,521.78		
01 472	FICA PAYABLE	14,944.90		
01 000 000 120 1000 220	FICA & MEDICARE/1-6 & AIDE		14,944.90	
01 481	AFLAC PAYABLE		3,521.78	
01 000 000 120 1000 210	HEALTH INSURANCE GRADES 1-6			
01 000 000 130 1000 210	HEALTH INS 7-8			
01 475	HEALTH INSURANCE PAYABLE			
Total		18,466.68	18,466.68	
Adjusting Journal Entries JE # 8				
To adjust 2019 accrued liabilities to actual		5202.00		
01 000 000 120 1000 220	FICA & MEDICARE/1-6 & AIDE	14,944.91		
01 475	HEALTH INSURANCE PAYABLE	3,240.81		
01 481	AFLAC PAYABLE	4,506.98		
01 000 000 120 1000 110	SALARY TEACHER 1-6		4,506.98	
01 000 000 120 1000 210	HEALTH INSURANCE GRADES 1-6		1,620.41	
01 000 000 130 1000 210	HEALTH INS 7-8		1,620.40	
01 472	FICA PAYABLE		14,944.91	
Total		22,692.70	22,692.70	
Adjusting Journal Entries JE # 9				
To add receivable for Migrant Summer Food Program.		4220.01/4220.00		
01 153	ACCOUNTS RECEIVABLE	6,855.47		
01 066 4550	MIGRANT HOT LUNCH		6,022.39	
01 066 4550	MIGRANT HOT LUNCH		833.08	
Total		6,855.47	6,855.47	
Adjusting Journal Entries JE # 10				
To add 2018 property taxes.		4230.00		
01 303	DEFERRED REVENUE	12,669.39		
01 700	FUND EQUITY	21,423.42		
03 303	DEFERRED REVENUE	2,023.54		
03 700	FUND EQUITY	2,108.17		

01 122	TAXES RECEIVABLE			21,423.42	
01 700	FUND EQUITY			12,660.30	
03 122	TAXES RECEIVABLE			2,198.17	
03 700	FUND EQUITY			2,023.54	
Total			38,314.52	38,314.52	
Adjusting Journal Entries JE # 11		4230.00			
To reverse 2018 property taxes.					
01 122	TAXES RECEIVABLE		21,423.42		
03 122	TAXES RECEIVABLE		2,198.17		
01 000 1110	DISTRICT PROPERTY TAX			8,754.03	
01 303	DEFERRED REVENUE			12,880.30	
03 000 1161	BUILDING LEVY			174.63	
03 303	DEFERRED REVENUE			2,023.54	
Total			23,621.59	23,621.59	
Adjusting Journal Entries JE # 12		4230.00			
To add 2018 AJE#7 - to move property tax rev to proper accounts.					
01 700	FUND EQUITY		692.47		
03 101	CASH		692.47		
01 101	CASH			692.47	
03 700	FUND EQUITY			692.47	
Total			1,384.94	1,384.94	
Adjusting Journal Entries JE # 13		5200.02			
zero negative year-end accruals					
05 000 000 910 3100 110	COOK SALARIES		641.10		
05 000 000 910 3100 220	FICA		641.10		
06 471	PAYROLL DEDUCTION PAYABLE			641.10	
06 472	FICA PAYABLE			641.10	
Total			1,282.20	1,282.20	
Total Adjusting Journal Entries			1,064,275.76	1,064,275.76	
Total All Journal Entries			1,064,275.76	1,064,275.76	