

**CARRINGTON PUBLIC SCHOOL  
DISTRICT NO. 49  
Carrington, North Dakota**

***REPORT ON FINANCIAL STATEMENTS  
(with supplementary information)  
Year Ended June 30, 2020***

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
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**Year Ended June 30, 2020**

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# Schauer & Associates, P.C.

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

School Board  
**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
Carrington, North Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**, Carrington, North Dakota as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the 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.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

## INDEPENDENT AUDITORS' REPORT – continued

### 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 **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**, Carrington, North Dakota, as of June 30, 2020 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

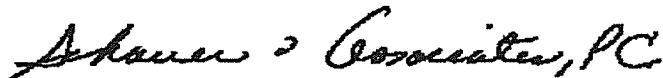
### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 42 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2021, on our consideration of the **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49'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 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 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 **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49's** internal control over financial reporting and compliance



SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants

Jamestown, North Dakota  
January 24, 2021

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended June 30, 2020**

The Management's Discussion and Analysis (MD&A) section of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** (known as the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

**FINANCIAL HIGHLIGHTS**

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

- Net position of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** decreased \$66,891 as a result of the current year's operations.
- Governmental net position as of the end of the fiscal year totaled \$2,882,638.
- Total revenues from all sources were \$8,195,605.
- Total expenditures were \$8,262,496.
- The District's general fund had \$6,581,607 in total revenues and \$6,523,302 in total expenditures. Overall, the general fund balance increased by \$220,223 for the year ended June 30, 2020.

**USING THIS ANNUAL REPORT**

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

**REPORTING ON THE DISTRICT AS A WHOLE**

**STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES**

These statements are summaries of all funds used by the **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** to provide programs and activities and attempt to answer the question "How did the District do financially during the year ended June 30, 2020?"

The Statement of Net Position presents information on all the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information on how the District's net position changed during the fiscal year. This statement is presenting amounts using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**MANAGEMENT DISCUSSION AND ANALYSIS - continued**  
**Year Ended June 30, 2020**

for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, earned but unused sick leave and vacation leave).

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or deteriorated. The causes of this change may be the result of many factors, some financial and some not.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of buildings and grounds, student transportation and co-curricular activities.

**REPORTING ON THE DISTRICT'S MOST SIGNIFICANT FUNDS**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

The District uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and donations). The fund basis financial statements allow the District to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the District's major funds. The general fund is considered a major fund using the criteria established by GASB Statement No. 34.

The District's other funds, which are used to account for a multitude of financial transactions, are summarized under the heading "Other Governmental Funds" which in this case is the school lunch fund.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

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

As indicated in the financial highlights above, the District's net position decreased by \$66,891 for the year ended June 30, 2020 and increased by \$433,886 for the year ended June 30, 2019. Changes in net position may serve over time as a useful indicator of the District's financial condition.

The District's net position of \$2,882,638 is segregated into three separate categories. Net investment in capital assets is 168% of total net position. Restricted net position represents 73% of the District's total net position. It should be noted that these assets are not available for future spending.

Table I  
NET POSITION  
June 30,

ASSETS	2020	2019
Current assets	\$ 4,627,131	\$ 4,479,375
Capital assets (net of depreciation)	20,017,534	20,877,175
Deferred outflows of resources	1,094,655	1,204,667
Total Assets and Deferred Outflows of Resources	25,739,320	26,561,217

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**MANAGEMENT DISCUSSION AND ANALYSIS - continued**  
**Year Ended June 30, 2020**

	2020	2019
<b>LIABILITIES</b>		
Current liabilities	1,048,566	1,125,366
Long-term liabilities	20,858,207	21,936,721
Total Liabilities	21,906,773	23,062,087
Deferred Inflows of Resources	949,909	549,601
<b>NET POSITION</b>		
Net investment in capital assets	4,849,646	4,905,104
Restricted	2,090,214	2,104,196
Unrestricted	(4,057,222)	(4,059,771)
Total Net Position	2,882,638	2,949,529
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$25,739,320	\$ 26,561,217

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

Table II  
**CHANGES IN NET POSITION**  
Years ended June 30,

	2020		2019	
<b>REVENUES</b>				
Program revenues				
Charges for services	\$ 231,162	2.82%	\$ 260,350	3.07%
Operating grants and contributions	775,536	9.46	747,803	8.82
General revenues				
Property taxes	3,626,161	44.25	3,648,146	43.05
State aid – unrestricted	3,809,741	46.48	3,708,391	43.76
Other	157,307	1.92	110,458	1.30
Loss on disposition of assets	(404,302)	(4.93)		
Total Revenues	8,195,605	100.00%	8,475,148	100.00%
<b>EXPENSES</b>				
Regular instruction	4,321,633	52.30%	4,217,430	52.45%
Federal programs	144,473	1.75	153,776	1.91
Special education	622,548	7.54	454,410	5.65
Vocational education	259,808	3.14	265,836	3.30
Instructional support services	170,777	2.07	217,310	2.70
Administrative services	427,445	5.17	389,847	4.85
Operation and maintenance of plant	613,953	7.43	627,351	7.80
Student transportation	485,927	5.88	506,383	6.30
Extracurricular activities	283,352	3.43	286,043	3.56



**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**MANAGEMENT DISCUSSION AND ANALYSIS - continued**  
**Year Ended June 30, 2020**

	2020		2019	
Food service	325,973	3.95	356,271	4.43
Interest on long-term debt	606,607	7.34	566,605	7.05
Total Expenses	<u>8,262,496</u>	<u>100.00%</u>	<u>8,041,262</u>	<u>100.00%</u>
Change in Net Position	(66,891)		433,886	
Beginning Net Position	<u>2,949,529</u>		<u>2,515,643</u>	
Ending Net Position	<u>\$ 2,882,638</u>		<u>\$2,949,529</u>	

Property taxes constituted 44%, unrestricted state aid 46%, operating grants and contributions 9% and charges for services 3% of the total revenues of governmental activities of the District for fiscal year ended June 30, 2020. Property taxes constituted 43%, unrestricted state aid 44%, operating grants and contributions 9% and charges for services 3% of the total revenues of governmental activities of the District for fiscal year ended June 30, 2019.

Regular instruction constituted 52%, vocational education 3%, and special education 8% of total expenditures for governmental activities for fiscal year ended June 30, 2020. Regular instruction constituted 52%, vocational education 3% and special education 6% of total expenditures for governmental activities for fiscal year ended June 30, 2019.

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

Table III  
TOTAL AND NET COST OF SERVICES

	Total Cost For Year Ended June 30, 2020	Net Cost For Year Ended June 30, 2020	Total Cost For Year Ended June 30, 2019	Net Cost For Year Ended June 30, 2019
Regular instruction	\$ 4,321,633	\$ 4,273,039	\$ 4,217,430	\$ 4,162,539
Federal programs	144,473	(619)	153,776	2,326
Special education	622,548	622,548	454,410	454,410
Vocational education	259,808	213,215	265,836	213,569
Instructional support services	170,777	170,777	217,310	217,310
Administrative services	427,445	427,445	389,847	389,847
Operation and maintenance of plant	613,953	610,501	627,351	624,421
Student transportation	485,927	317,175	506,383	356,340
Extracurricular activities	283,352	273,516	286,043	271,653
Food service	325,973	19,781	356,271	35,244
Interest on long-term debt	606,607	328,420	566,605	305,450
	<u>\$ 8,262,496</u>	<u>\$ 7,255,798</u>	<u>\$ 8,041,262</u>	<u>\$ 7,033,109</u>

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**MANAGEMENT DISCUSSION AND ANALYSIS - continued**  
**Year Ended June 30, 2020**

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

The purpose of the District's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unreserved fund balance generally can be used as a measure of the District's resources available for spending as of the end of the fiscal year. Those funds are accounted for using the modified accrual basis of accounting. The District's governmental funds had total revenues of \$8,641,852 and expenditures of \$8,525,135 for the year ended June 30, 2020. As of June 30, 2020 the total unassigned fund balance of all District governmental funds was \$2,212,216. The District's governmental funds had total revenues of \$8,465,738 and expenditures of \$11,265,776 for the year ended June 30, 2019. As of June 30, 2019, the total unassigned fund balance for all District governmental funds was \$1,991,993.

**GENERAL FUND BUDGET HIGHLIGHTS**

Actual revenue for the year ended June 30, 2020 was \$144,770 less than budgeted. This was mainly due to less taxes than was budgeted. Actual revenue for the year ended June 30, 2019 was \$66,884 more than budgeted. This was mainly due to less taxes than was budgeted and more state funds than what was budgeted.

Actual expenditures for the year ending June 30, 2020 were \$265,240 less than budgeted. This was mainly due in part to less spent in regular instruction than was budgeted. Actual expenditures for the year ending June 30, 2019 were \$79,990 less than budgeted. This was mainly due in part to less spent in regular instruction than was budgeted and more spent in capital outlay than was budgeted.

**CAPITAL ASSETS**

As of June 30, 2020, **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** had \$20,017,534 invested in capital assets. Table IV shows the balances as of June 30, 2020 and 2019.

Table IV  
CAPITAL ASSETS (net accumulated depreciation)

	2020	2019
Land	\$ 43,598	\$ 595,219
Buildings	18,402,774	18,650,044
Equipment	516,907	633,186
Vehicles	1,054,255	998,726
Total Capital Assets (Net of Depreciation)	<u>\$ 20,017,534</u>	<u>\$ 20,877,175</u>

This total represents a decrease of \$859,641 in capital assets from July 1, 2019. For a detailed breakdown of additions and deletions to capital assets, readers are referred to Note 6 to the audited financial statements that follow this analysis.

**DEBT ADMINISTRATION**

At June 30, 2020, the District had \$15,278,617 of outstanding long-term debt consisting of bonds and compensated absences. For more detailed information on the District's debt, please refer to Note 8 of the basic financial statements.

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**MANAGEMENT DISCUSSION AND ANALYSIS - continued**  
**Year Ended June 30, 2020**

**FOR THE FUTURE**

The Carrington Public School District is a state-accredited K-12 school district that covers over 775 square miles. In 2018, the school district opened a new elementary school that was designed to meet the needs of all students' learning activities. The facility has breakout rooms for small group instruction, a beautiful library, an art room, a spacious commons area, and a large gymnasium. The new elementary school was attached to our existing high school, giving the District one K-12 academic campus.

The school district has been state-recognized in 2020 as one of the top ten Districts in the state for serving students with special needs as well as being named a 2012 National Blue Ribbon elementary school. Students consistently score above the state average in standardized tests, such as the ACT and the ND State Assessment, with over 85% of the graduates attending postsecondary education.

The school district has been experiencing an increase in enrollment in the past several years due to open enrolling families. The school district continues to be progressive by committing to a "Second Phase" of our digital one-to-one initiative by purchasing new iPads for all students in grades K-6 and new MacBook Airs for students in grades 7-12. The fall of 2020 will start the sixth year of the District's one-to-one program. Along with state-of-the-art digital devices, the school continues to add curricular and extracurricular program offerings for students, including AP Biology, dual credit physics, a resiliency curriculum program within grades 7-12, and a new archery program.

This new strategic plan makes the priorities clear. It will provide transparency for the public, and hold the District accountable for maintaining focus on what benefits its students. The strategic plan sets the course for the next several years while building on the success of the previous strategic plan. The plan invites all stakeholders to help in the mission of "Empowering our students for the future."

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our parents, taxpayers and creditors with a general overview of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49'S** finances and to show the District's accountability for the money it receives to provide the best possible education to all students enrolled in Carrington Public Schools. Anyone who has questions about the information contained in this report or who is interested in receiving additional information is encouraged to contact the Business Manager of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**, 100 3<sup>rd</sup> Avenue South, Carrington, ND 58421; phone 701-652-3136, fax 701-652-1243.

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,873,156
Certificates of deposit over three months	500,000
Taxes receivable	177,248
Receivable from other governmentals	20,565
Prepaid expenses	47,470
Inventories	8,692
Capital Assets	
Land	43,598
Buildings	21,267,170
Equipment	1,320,420
Vehicles	1,559,868
Less: accumulated depreciation	(4,173,522)
Total Capital Assets	<u>20,017,534</u>
Total Assets	<u>24,644,665</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions - TFFR	727,848
Deferred outflows of resources related to pensions - PERS	350,730
Deferred outflows of resources related to OPEB	16,077
Total Deferred Outflows of Resources	<u>1,094,655</u>
 Total Assets and Deferred Outflows of Resources	 <u><u>\$ 25,739,320</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 151,816
Due within one year	
Bonds	817,474
Interest payable	79,276
Due in more than one year	
Bonds	14,350,414
Compensated absences	110,729
Net Pension Obligation - TFFR	5,735,548
Net Pension Obligation - PERS	621,796
Net OPEB liability	39,720
Total Liabilities	<u>21,906,773</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions - TFFR	620,817
Deferred inflows of resources related to pensions - PERS	327,843
Deferred inflows of resources related to OPEB	1,249
Total Deferred Inflows of Resources	<u>949,909</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,849,646
Restricted for:	
Debt service	2,068,173
Capital projects	18,309
Other purposes	3,732
Unrestricted	(4,057,222)
Total Net Position	<u>2,882,638</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u><u>\$ 25,739,320</u></u>

The accompanying notes are an integral part of these financial statements

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**Statement of Activities**  
**Year Ended June 30, 2020**

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Instruction				
Regular	\$ 4,321,633	\$ 48,594	\$	\$ (4,273,039)
Federal	144,473		145,092	619
Special education	622,548			(622,548)
Vocational education	259,808		46,593	(213,215)
Support services				
Instructional support services	170,777			(170,777)
Administration services	427,445			(427,445)
Operation and maintenance of plant	613,953		3,452	(610,501)
Student transportation	485,927		168,752	(317,175)
Extracurricular activities	283,352	9,836		(273,516)
Food service	325,973	172,732	133,460	(19,781)
Interest on long-term debt	606,607		278,187	(328,420)
Total governmental activities	\$ 8,262,496	\$ 231,162	\$ 775,536	(7,255,798)
<b>General revenues:</b>				
Taxes:				
Property taxes, levied for general purposes				2,168,276
Property taxes, levied for specific purposes				1,457,885
State aid not restricted to specific programs				3,809,741
Unrestricted investment earnings				62,401
Miscellaneous				94,906
<i>Special Item</i> - Loss on disposal of assets				(404,302)
Total general revenues and special items				7,188,907
Change in net position				(66,891)
Net position:				
Beginning of year				2,949,529
Net position - ending				\$ 2,882,638

The accompanying notes are an integral part of these financial statements

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED</b>					
<b>OUTFLOWS OF RESOURCES</b>					
Cash and cash equivalents	\$ 1,694,066	\$ 85,619	\$ 2,008,031	\$ 85,440	\$ 3,873,156
Certificates of deposit over three months	500,000				500,000
Taxes receivable, net	106,836	6,538	60,142	3,732	177,248
Receivable from other governments	20,565				20,565
Prepaid deposits	47,470				47,470
Due from other funds	53,561				53,561
Inventories				8,692	8,692
Total assets and deferred outflows of resources	\$ 2,422,498	\$ 92,157	\$ 2,068,173	\$ 97,864	\$ 4,680,692
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 131,470	\$ 20,287	\$	\$ 59	\$ 20,346
Accrued contracts and benefits					131,470
Due to other funds		53,561			53,561
Total liabilities	131,470	73,848		59	205,377
Deferred inflows of resources:					
Unavailable revenue	78,812	4,693	42,735	2,902	129,142
Fund balances:					
Nonspendable				8,692	8,692
Assigned				45,314	45,314
Restricted		13,616	2,025,438	40,897	2,079,951
Unassigned	2,212,216				2,212,216
Total fund balances	2,212,216	13,616	2,025,438	94,903	4,346,173
Total liabilities, deferred inflows of resources and fund balances	\$ 2,422,498	\$ 92,157	\$ 2,068,173	\$ 97,864	\$ 4,680,692

The accompanying notes are an integral part of these financial statements

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2020**

Total fund balance, governmental funds	\$ 4,346,173
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	20,017,534
Certain revenues are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	129,142
Net OPEB liability and OPEB related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:	
Net OPEB liability	(39,720)
Deferred outflows of resources	16,077
Deferred inflows of resources	(1,249)
Net PERS pension liability and pension related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:	
Net pension liability - PERS	(621,796)
Deferred outflows of resources - PERS	350,730
Deferred inflows of resources - PERS	(327,843)
Net TFFR pension liability and pension related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:	
Net pension liability - TFFR	(5,735,548)
Deferred outflows of resources - TFFR	727,848
Deferred inflows of resources - TFFR	(620,817)
Some liabilities, (such as Bonds Payable and Compensated Absences) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(15,357,893)
Net Assets of Governmental Activities in the Statement of Net Position	<u>\$ 2,882,638</u>

**The accompanying notes are an integral part of these financial statements**

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2020**

	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local aid	\$ 2,349,441	\$ 136,051	\$ 1,239,618	\$ 252,691	\$ 3,977,801
State aid	4,028,538			1,188	4,029,726
Federal aid	145,092			132,272	277,364
Investment earnings	42,163	2,325	17,820	93	62,401
Miscellaneous	16,373		278,187		294,560
Total revenues	<u>6,581,607</u>	<u>138,376</u>	<u>1,535,625</u>	<u>386,244</u>	<u>8,641,852</u>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular	3,595,655				3,595,655
Federal	144,454				144,454
Special education	620,189				620,189
Vocational education	255,332				255,332
Support services					
Instructional support services	135,275				135,275
Administration services	436,556				436,556
Operation and maintenance of plant	528,709				528,709
Student transportation	387,333				387,333
Extracurricular activities	269,799				269,799
Food service				325,973	325,973
Debt service					
Principal			804,721		804,721
Interest and other charges			626,674	70	626,744
Capital outlay	150,000	244,395			394,395
Total expenditures	<u>6,523,302</u>	<u>244,395</u>	<u>1,431,395</u>	<u>326,043</u>	<u>8,525,135</u>
Excess (deficiency) of revenues over expenditures	58,305	(106,019)	104,230	60,201	116,717
<b>OTHER FINANCING SOURCES</b>					
Transfer in	40,067			25,468	65,535
Transfer out	(25,468)			(40,067)	(65,535)
	<u>14,599</u>			<u>(14,599)</u>	
<b>SPECIAL ITEM</b>					
Proceeds from the disposition of assets	147,319				147,319
Net change in fund balances	220,223	(106,019)	104,230	45,602	264,036
Fund balances - beginning	1,991,993	119,635	1,921,208	49,301	4,082,137
Fund balances - ending	<u>\$ 2,212,216</u>	<u>\$ 13,616</u>	<u>\$ 2,025,438</u>	<u>\$ 94,903</u>	<u>\$ 4,346,173</u>

The accompanying notes are an integral part of these financial statements



**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2020**

Net change in fund balances - total governmental funds:	\$ 264,036
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which net depreciation of \$646,112 exceeded capital outlays of \$338,091 in the current period.	(308,021)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	(41,946)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long term liabilities. This is the amount by which repayments exceeded proceeds.	804,721
Bond premium and bond discounts are not recognized in the governmental funds but are adjustments to interest expense in the Statement of Activities	(538)
Some expenses such as accrued interest 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.	19,486
Some expenses such as compensated absences reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	5,510
Some expenses reported in the statement of activities do not require the use of current financial resources, such as deferred pension and OPEB expense	(258,518)
In the statement of activities, the disposal of fixed assets with remaining basis is not reported, whereas in the governmental funds, the loss from the disposal decreases financial resources. Thus the change in net assets differs from the change in fund balance by the unrecovered cost of the assets sold.	(551,621)
Change in net assets of governmental activities	<u>\$ (66,891)</u>

**The accompanying notes are an integral part of these financial statements**

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**

**Carrington, North Dakota  
Statement of Fiduciary Net Postion  
Fiduciary Funds  
June 30, 2020**

	<b>Private Purpose Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 129	\$ 264,200
Certificates of deposit over three months	660,852	
Total Assets	<u>\$ 660,981</u>	<u>\$ 264,200</u>
<b>LIABILITIES</b>		
Refunds payable and others		264,200
Total Liabilities		<u>\$ 264,200</u>
<b>NET POSITION</b>		
Reserved for scholarships	660,981	
Total Net Position	<u>\$ 660,981</u>	

**The accompanying notes are an integral part of these financial statements**

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**

**Carrington, North Dakota**

**Statement of Changes in Fiduciary Net Position**

**Fiduciary Funds**

**For the Year Ended June 30, 2020**

	<u>Private Purpose Trust Fund</u>
<b>ADDITIONS</b>	
Investment earnings:	
Interest	<u>\$          15,552</u>
Total additions	<u>                  15,552</u>
<b>DEDUCTIONS</b>	
Transfers out	<u>                  13,368</u>
Total deductions	<u>                  13,368</u>
Change in net position	<u>                  2,184</u>
Net position - beginning	<u>                  658,797</u>
Net position - ending	<u><u>                  \$      660,981</u></u>

**The accompanying notes are an integral part of these financial statements**

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2020**

**1. 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.

**A. Description of the School District**

The **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** is organized under the laws of the State of North Dakota. It provides a system of free public schools for all children of legal age residing within the district. It is governed by an elected five-member school board and operates grades K through 12.

**B. Reporting Entity**

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. No component units of the District have been excluded from this report.

**C. Basis of Presentation**

***District - Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. The District does not report any business-type activities.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the financial statements.

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

## **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**

**Carrington, North Dakota**

**NOTES TO FINANCIAL STATEMENTS - continued**

**Year Ended June 30, 2020**

### **C. Basis of Presentation - continued**

#### ***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
3. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

#### ***Governmental Funds***

Governmental funds are utilized to account for most of the District's governmental functions. The District's major governmental funds are as follows:

##### ***General Fund***

The General Fund is the operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

##### ***Fiduciary Funds*** (not included in district-wide statements)

##### ***Private-purpose Trust Funds***

Private-purpose Trust Funds are used to account for resources legally held in trust for student scholarships.

##### ***Agency Funds***

Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, and /or other governmental units.

##### ***Major Funds***

The District reports the following major governmental funds:

- General fund
- Capital projects fund
- Debt service fund

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**C. Basis of Presentation - continued**

***Non-Major Funds***

The District reports the following non-major funds:

Special Revenue Funds  
Special Reserve Fund  
School Lunch Fund

***Fiduciary Funds***

The District reports the following fiduciary funds:

Private-purpose Trust Funds  
Scholarship Fund  
Agency Funds  
Student Activity Fund

**D. Basis of Accounting**

The government-wide Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental funds and agency funds follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are recorded when the related fund liability is incurred, except for interest not matured on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenue is recorded as revenue in the year the tax is levied in the government-wide financial statements. Property tax revenues in the governmental funds are recorded when it becomes available.

Property taxes are levied and certified no later than October 10 and property taxes attach as an enforceable lien on property as of January 1 and are due and payable at that time. The first installment of taxes becomes delinquent March 1 and the second installment on October 15. The taxes are collected by the County Treasurer and remitted to the District on a monthly basis.

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

## **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**

**Carrington, North Dakota**

### **NOTES TO FINANCIAL STATEMENTS - continued**

**Year Ended June 30, 2020**

#### **D. Basis of Accounting - continued**

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received before the district has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

#### **E. Measurement Focus**

On the government-wide Statement of Net Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds, and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity.

Liabilities for claims, judgments, compensated absences and pension contributions that will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

#### **F. Estimates**

The preparation of 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.

#### **G. Deposits and Investments**

The District maintains deposits at depository banks that are members of the Federal Reserve System. North Dakota laws require all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentality's, all bonds and notes guaranteed by the United States government, Federal Land Bank

## **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**

**Carrington, North Dakota**

**NOTES TO FINANCIAL STATEMENTS - continued**

**Year Ended June 30, 2020**

### **G. Deposits and Investments - continued**

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

*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.

*Credit risk* - North Dakota state statute authorizes school district to invest their surplus funds in:

1. 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.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
3. Certificates of deposit fully insured by the Federal Deposit Insurance Corporation or by the state.
4. Obligations of the state.

The District has no investments other than fully insured and collateralized demand and time deposits.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2020, the District's deposits are fully insured or collateralized with securities held by the financial institutions in the District's name. (See note 2)

### **H. Cash Flow Information**

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

### **I. Inventories**

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting and consist of food, commodities and other supplies.

### **J. Capital Assets**

#### ***Government-Wide Statements***

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 assets but are not reported as assets in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost). The



**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**J. Capital Assets - continued**

assets are updated for additions and retirements during the District's fiscal year. The District has established a capitalization threshold of \$5,000. Donated capital assets are recorded at their fair market value 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 capital assets are depreciated over their estimated useful lives on a straight-line basis. The District has established the following useful lives:

Buildings	60 - 75 years
Equipment	5 - 20 years
Vehicles	10 - 20 years

***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

**K. Long-Term Obligations**

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

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of compensated absences, bonds and pension and benefit related liabilities.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources. The payment of principal and interest are reported as expenditures.

**L. Compensated Absences**

The District allows employees to accumulate unused sick leave. Earned vacation time is generally required to be used in the year earned. Upon termination, payment shall be made at the rate of 25% of the accumulated days based on the current salary level. The amount to be paid from current resources is not significant.

**M. Equity Classifications**

***Government-Wide Statements***

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, or other

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**M. Equity Classifications - continued**

borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

2. Restricted net position – Consists of net positions with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, b) law through constitutional provisions or enabling legislation. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.
3. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

***Fund Balance***

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

*Nonspendable* - consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact, such as, inventories 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.

*Committed* - consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the School Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the School Board.

*Assigned* - consists of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing board itself or by an official to which the governing body delegates the authority.

*Unassigned* - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**N. 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 Teachers' Fund for Retirement (TFFR) and additions to/deductions from TFFR's fiduciary net position have been determined on the same basis as they are reported by 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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS's fiduciary net position have been determined on the same basis as they are reported by NDPERS. 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.

**O. 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.

**2. Cash and Cash Equivalents**

All of the collateral pledged falls under GASB Category 1 which is insured, either by the FDIC (Federal Deposit Insurance Corporation) or by the FSLIC (Federal Savings and Loan Insurance Corporation) or held by the District's agent in the District's name.

The following is a breakdown of deposits in the banks under custody of the District as of June 30, 2020.

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental Activities		
Cash and cash equivalents	\$ 3,873,156	\$ 4,496,338
Certificates of deposit over three months	500,000	500,000
Private-purpose Trust Funds		
Cash and cash equivalents	129	129
Certificates of deposit over three months	660,852	660,852
Agency Funds		
Cash and cash equivalents	264,200	265,532
	<u>\$ 5,298,337</u>	<u>\$ 5,922,851</u>

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**3. Receivable from Other Governments**

Due from other governments consists of the following as of June 30, 2020:

Federal	\$	<u>20,565</u>
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**4. Interfund Transfers**

Transfers to/from other funds at June 30, 2020, consist of the following:

Transfer from general fund to school lunch to cover shortages	\$	25,468
Transfer from special reserve to general fund for operations		40,067

**5. Interfund Receivables/Payables**

A portion of the cash of the District is comingled into pooled cash. Interfund receivables and payables represent the balances owed between funds.

Due to general fund from capital projects fund	\$	(53,561)
Due from capital projects fund to general fund		53,561

**6. Capital Assets**

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land	\$ 595,219	\$	\$ 551,621	\$ 43,598
Total Capital Assets Not Being Depreciated	<u>595,219</u>		<u>551,621</u>	<u>43,598</u>
Capital Assets Being Depreciated				
Buildings	21,115,161	152,009		21,267,170
Equipment	1,612,904	36,083	328,567	1,320,420
Vehicles	1,450,465	236,597	127,194	1,559,868
Total Capital Assets Being Depreciated	<u>24,178,530</u>	<u>424,689</u>	<u>455,761</u>	<u>24,147,458</u>
Total Capital Assets	<u>24,773,749</u>	<u>424,689</u>	<u>1,007,382</u>	<u>24,191,056</u>
Less Accumulated Depreciation for:				
Buildings	2,465,117	399,279		2,864,396
Equipment	979,718	152,362	328,567	803,513
Vehicles	451,739	94,471	40,597	505,613
Total Accumulated Depreciation	<u>3,896,574</u>	<u>646,112</u>	<u>369,164</u>	<u>4,173,522</u>
Net Capital Assets	<u>\$20,877,175</u>	<u>\$ (221,423)</u>	<u>\$ 638,218</u>	<u>\$20,017,534</u>

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**6. Capital Assets - continued**

Depreciation expense was charged to functions as follows:

Instruction	\$ 472,111
Special education	2,359
Vocational education	4,476
Instructional support	35,285
Administration	245
Operation and maintenance	19,490
Student transportation	98,593
Extracurricular activities	13,553
	<hr/>
	\$ 646,112

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the balance sheet 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 future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District currently has deferred outflows of resources related to pensions and OPEB.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate 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 (revenues) until that time. The District currently has deferred inflows of resources related to pensions and OPEB. The District has unavailable revenue from a variety of sources in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**8. Long-Term Obligations**

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Amounts Due Within One Year
School building bonds, series 2012	\$ 585,000	\$	\$ 70,000	\$ 515,000	\$ 70,000
Issue costs	(10,730)		(1,498)	(9,232)	
State school construction loan	393,807		51,769	342,038	53,198
Issue costs	(12,091)		(1,748)	(10,343)	
GO school building bonds 16B	5,505,000		255,000	5,250,000	260,000
Premium	48,730		2,708	46,022	
State school construction loan	9,462,355		427,952	9,034,403	434,276
Total	<hr/> 15,972,071	<hr/>	<hr/> 804,183	<hr/> 15,167,888	<hr/> 817,474

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**8. Long-Term Obligations - continued**

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Amounts Due Within One Year
Net pension obligation – TFFR	5,762,241		26,693	5,735,548	
Net pension obligation – PERS	849,407		227,611	621,796	
Net OPEB liability	37,217	2,503		39,720	
	<u>6,648,865</u>	<u>2,503</u>	<u>254,304</u>	<u>6,397,064</u>	
Other Liabilities					
Vested compensated absences	116,239		5,510	110,729	
Total Long-Term Liabilities	<u>\$ 22,737,175</u>	<u>\$ 2,503</u>	<u>\$1,063,997</u>	<u>\$ 21,675,681</u>	<u>\$ 817,474</u>

Terms and maturity of long-term debt are as follows:

\$970,000 general obligation school building bonds, series 2012, dated April 12, 2012, due in annual installments of \$60,000 to \$80,000 starting August 1, 2013 with interest due semi-annually at .6% to 2.5%.

\$952,915 state school construction loan, dated December 1, 2006, due in annual installments of \$62,638 including interest at 2.76% starting June 1, 2007 to June 1, 2026.

\$6,000,000 general obligation school building bonds, series 2016, dated August 1, 2016, due in annual principal payments of \$245,000 to \$370,000 plus interest ranging from 2% to 3% starting August 1, 2017 to August 1, 2036.

\$10,000,000 general obligation school construction loan, dated November 15, 2016, due annual principal payments and semi-annual installments of interest at 5% (Bank of North Dakota buy down to 2%) starting February 1, 2018 to August 1, 2036.

Debt service requirements to maturity on general obligation debt are as follows:

Year	Principal	Interest	Total
2021	\$ 817,474	\$ 315,949	\$ 1,133,423
2022	834,800	298,131	1,132,931
2023	857,437	279,769	1,137,206
2024	870,394	262,224	1,132,618
2025	893,679	244,043	1,137,722
2026-2030	4,540,274	969,515	5,509,789
2031-2035	4,494,318	465,087	4,959,405
2036-2037	1,833,065	42,135	1,875,200
Totals	<u>\$ 15,141,441</u>	<u>\$ 2,876,853</u>	<u>\$ 18,018,294</u>

**9. North Dakota Teachers' 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.

## **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**

**Carrington, North Dakota**

**NOTES TO FINANCIAL STATEMENTS - continued**

**Year Ended June 30, 2020**

### **9. North Dakota Teachers' Fund for Retirement - continued**

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

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

#### **Pension Benefits**

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

##### *Tier 1 Grandfathered*

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

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

##### *Tier 1 Non-grandfathered*

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

## **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**

**Carrington, North Dakota**

**NOTES TO FINANCIAL STATEMENTS - continued**

**Year Ended June 30, 2020**

### **9. North Dakota Teachers' Fund for Retirement - continued**

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

#### *Tier 2*

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

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

#### **Death and Disability Benefits**

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

An active member is eligible to receive disability benefits when: (a) 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 on 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.



**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**9. North Dakota Teachers' Fund for Retirement - continued**

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 70 ½. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

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

At June 30, 2020, the District reported a liability of \$5,735,548 for its proportionate share of the net pension liability. The net pension liability was measured as of July 01, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 01, 2019, the District's proportion was .41644826 percent which was a decrease of .01587386 from its proportion measured as of July 1, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$549,706. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources with the exception of employer contributions subsequent to the measurement date.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,190	\$ 206,998
Changes of assumptions	203,851	
Net difference between projected and actual earnings on pension plan investments	80,734	
Changes in proportion and differences between employer contributions and proportionate share of contributions	64,811	413,819
District contributions subsequent to the measurement date	370,262	
Total	<u>\$ 727,848</u>	<u>\$ 620,817</u>

Deferred outflows of resources related to pensions in the amount of \$370,262 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

**Year ended June 30:**

2021	\$ 63,281
2022	(72,844)
2023	(100,664)

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**9. North Dakota Teachers' Fund for Retirement - continued**

2024	(58,348)
2025	(51,270)
Thereafter	(43,385)

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

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

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

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

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

- Investment return assumption lowered from 8% to 7.75%.
- Inflation assumption lowered from 3% to 2.75%.
- Total salary scale rates lowered by .25% due to lower inflation.
- Added explicit administrative expense assumption, equal to prior year administrative expense plus inflation.
- Rates of turnover and retirement were changed to better reflect anticipated future experience.
- Updated mortality assumption to the RP-2014 mortality tables with generational improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of July 1, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	58%	6.9%
Global Fixed Income	23%	2.1%
Global Real Assets	18%	5.4%
Cash Equivalents	1%	0.0%

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**9. North Dakota Teachers' Fund for Retirement - continued**

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 7,745,914	\$ 5,735,548	\$ 4,064,880

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

**10. North Dakota Public Employees Retirement System (Main System)**

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

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

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

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**10. North Dakota Public Employees Retirement System (Main System) - continued**

***Pension Benefits***

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. 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, lifetime monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

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

***Refunds of Member Account Balance***

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

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**10. North Dakota Public Employees Retirement System (Main System) - continued**

***Member and Employer Contributions***

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

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

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

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

At June 30, 2020, the District reported a liability of \$621,796 for its proportionate share of the net pension liability. The net pension liability was measured as of July 01, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At July 1, 2019, the District's proportion was .053051 percent which was an increase of .002719 from its proportion measured as of July 1, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$121,527. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 369	\$ 112,844
Changes of assumptions	232,349	199,492
Net difference between projected and actual earnings on pension plan investments	10,833	
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,739	15,507
District contributions subsequent to the measurement date	39,440	
Total	<u>\$ 350,730</u>	<u>\$ 327,843</u>

Deferred outflows of resources related to pensions in the amount of \$39,440 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49****Carrington, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2020****10. North Dakota Public Employees Retirement System (Main System) - continued**

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

**Year ended June 30:**

2021	\$ 29,097
2022	21,340
2023	(4,176)
2024	(46,569)
2025	(16,245)

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

Inflation	2.5%		
Salary increases	Service at	State	Non-State
	Beginning of year	Employee	Employee
	0	12.00%	15.00%
	1	9.50%	10.00%
	2	7.25%	8.00%
	3		
	4		
	Age*		
	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	7.50%, net of investment expenses		
Cost-of-living adjustments	None		

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

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

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**10. North Dakota Public Employees Retirement System (Main System) - continued**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.41%
Cash Equivalents	0%	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 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 891,522	\$ 621,796	\$ 395,179

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

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**11. North Dakota Public Employees Retirement System Other Post-Employment Benefits (OPEB)**

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



**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**11. North Dakota Public Employees Retirement System Other Post-Employment Benefits (OPEB) - continued**

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

At June 30, 2020, The District reported a liability of \$39,720 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2019, the District's proportion was .049453 percent, which was an increase of .002198 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$6,150. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 982	\$ 1,241
Changes of assumptions	4,734	
Net difference between projected and actual earnings on OPEB plan investments	44	
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,225	8
District contributions subsequent to the measurement date	6,092	
Total	<u>\$ 16,077</u>	<u>\$ 1,249</u>

\$6,092 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 ended June 30, 2021.

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

<b>Year ended June 30:</b>	
2021	\$ 1,482
2022	1,482
2023	1,851
2024	1,783
2025	1,369
2026 and thereafter	769

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49****Carrington, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2020****11. North Dakota Public Employees Retirement System Other Post-Employment Benefits (OPEB) - continued**

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
Domestic Fixed Income	40%	2.07%
International Equities	21%	6.95%

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

**Sensitivity of the District'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 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**11. North Dakota Public Employees Retirement System Other Post-Employment Benefits (OPEB) - continued**

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
District's proportionate share of the net pension liability	\$ 50,697	\$ 39,720	\$ 30,323

**12. Risk Management**

The District is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; health care of its employees and natural disasters. The District has purchased commercial insurance to cover any potential losses.

The District participates in the North Dakota Insurance Reserve Fund (NDIRF) entity risk pool established by certain municipalities ("Members") to provide liability coverage. The District's payments to NDIRF are displayed on the financial statements as expenditures/expenses in the appropriate funds. The purpose of the NDIRF is to act as a joint self- insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the members and other parties included within the scope of coverage of the NDIRF. The District does not exercise any control over the activities of the NDIRF.

The District's risk for worker's compensation is covered by premiums paid to the North Dakota Workforce Safety & Insurance. The Bureau was created by the Legislature of the State of North Dakota.

The District's risk for property coverage is covered by premiums paid to the North Dakota State Fire and Tornado Fund. The Fund was established by the State of North Dakota to insure political subdivisions and certain other entities against loss to public buildings and permanent contents from damage caused by fire, tornadoes and other types of risks. There has been no major reduction in insurance coverage and settled claims from these risks have not exceeded commercial coverage for the past three years.

**13. Lease Commitments**

The District leases a building for one year, renewable annually. Two copiers were leased under a five-year lease. The copier leases may renew automatically up to 4 subsequent one-year terms unless written notice is given. Total lease expense for the year is \$38,925.

**14. Contingencies**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with items and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The District's management believes it has complied with all applicable grant provisions. In the opinion of management, any possible disallowed claim would not have a material adverse effect on the overall financial position of the District as of June 30, 2020.

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**15. Governmental Activities Net Position**

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2020 include the following:

***Governmental Activities***

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 20,017,534
Less related long-term debt outstanding	<u>15,167,888</u>
Net investment in capital assets	<u>4,849,646</u>
Restricted	
Debt service	2,068,173
Capital projects	18,309
Other purposes	<u>3,732</u>
Total restricted	<u>2,090,214</u>
Unrestricted	<u>(4,057,222)</u>
Total Governmental Activities Net Position	<u>\$ 2,882,638</u>

**16. Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at June 30, 2020, include the following:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Reserve</u>	<u>School Lunch</u>
Nonspendable Inventories	\$	\$	\$	\$	\$ 8,692
Assigned School lunch					45,314
Restricted		2,025,438	13,616	40,897	
Unassigned	<u>2,212,216</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$2,212,216</u>	<u>\$2,025,438</u>	<u>\$ 13,616</u>	<u>\$ 40,897</u>	<u>\$ 54,006</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

# CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49

Carrington, North Dakota

## BUDGET AND ACTUAL (With Variances)

General Fund

Year ended June 30, 2020

	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Local aid	\$ 2,559,776	\$ 2,559,776	\$ 2,349,441	\$ (210,335)
State aid	3,996,525	3,996,525	4,028,538	32,013
Federal aid	154,576	159,076	145,092	(13,984)
Investment earnings	10,000	10,000	42,163	32,163
Miscellaneous	1,000	1,000	16,373	15,373
Total revenues	<u>6,721,877</u>	<u>6,726,377</u>	<u>6,581,607</u>	<u>(144,770)</u>
<b>EXPENDITURES</b>				
Instruction				
Regular	3,764,625	3,836,275	3,595,655	240,620
Federal	154,579	162,636	144,454	18,182
Special education	633,181	633,181	620,189	12,992
Vocational education	335,445	263,798	255,332	8,466
Support services				
Instructional support services	140,014	140,014	135,275	4,739
Administrative services	410,203	410,203	436,556	(26,353)
Operation and maintenance of plant	539,710	539,710	528,709	11,001
Student transportation	401,000	401,000	387,333	13,667
Extracurricular activities	291,725	291,725	269,799	21,926
Capital outlay	110,000	110,000	150,000	(40,000)
Total expenditures	<u>6,780,482</u>	<u>6,788,542</u>	<u>6,523,302</u>	<u>265,240</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer in			40,067	40,067
Transfer out	<u>(25,468)</u>	<u>(25,468)</u>	<u>(25,468)</u>	
<b>SPECIAL ITEM</b>				
Proceeds from sale of assets			147,319	147,319
Net change in fund balances	<u>(84,073)</u>	<u>(87,633)</u>	<u>220,223</u>	<u>307,856</u>
Fund balances - beginning	1,991,993	1,991,993	1,991,993	
Fund balances - ending	<u>\$ 1,907,920</u>	<u>\$ 1,904,360</u>	<u>\$ 2,212,216</u>	<u>\$ 307,856</u>

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Budget and Actual Schedule (with variance)**  
**General Fund**  
**Year Ended June 30, 2020**

**Note A - Budgets and Budgetary Accounting**

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

1. The Business Manager, Superintendent, and a two-member finance committee prepare the District budget on the modified accrual basis of accounting. The budget includes proposed expenditures and the means of financing them. The budget includes the general fund and the school lunch fund (special revenue).
2. The School Board reviews the budget, may make revisions and approves it on or before August 15. The budget must be filed with the county auditor by August 25.
3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared except no amendment changing the taxes levied can be made after October 10.
4. The balance of each appropriation becomes a part of the unappropriated balance at year-end.

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**

Carrington, North Dakota

**SCHEDULE OF SCHOOL DISTRICT'S SHARE OF NET PENSION LIABILITY**

ND Public Employees Retirement System

Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.053051%	0.050332%	0.043789%	0.042345%	0.046617%	0.050642%
Employer's proportionate share of the net pension liability	\$ 621,796	\$ 849,407	\$ 703,833	\$ 412,693	\$ 316,988	\$ 321,436
Employer's covered payroll	\$ 551,822	\$ 517,074	\$ 447,015	\$ 426,736	\$ 415,304	\$ 426,604
Employer's proportionate share of the net pension liability as a percentage of its covered - employee payroll	112.68%	164.27%	157.45%	96.71%	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	71.66%	62.80%	61.98%	70.46%	77.15%	77.70%

\*Complete data for this schedule is not available prior to 2015.

**SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS**

ND Public Employees Retirement System

Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 40,176	\$ 38,084	\$ 32,414	\$ 30,895	\$ 31,545	\$ 34,304
Contributions in relation to the statutorily required contributions	\$ (39,007)	\$ (35,278)	\$ (32,364)	\$ (29,771)	\$ (29,570)	\$ (34,304)
Contribution deficiency (excess)	\$ 1,169	\$ 2,806	\$ 50	\$ 1,124	\$ 1,975	\$
Employer's covered-employee payroll	\$ 551,822	\$ 517,074	\$ 447,015	\$ 426,736	\$ 415,304	\$ 426,604
Contributions as a percentage of covered-employee payroll	7.07%	6.82%	7.24%	6.98%	7.12%	8.04%

\*Complete data for this schedule is not available prior to 2015.



**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2020**

**North Dakota Public Employees Retirement System (Main System)**

**Changes of benefit terms.**

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

**Changes of assumptions**

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

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

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

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**SCHEDULE OF SCHOOL DISTRICT'S SHARE OF NET OPEB LIABILITY**  
**ND Public Employees Retirement System**  
**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's proportion of the net OPEB liability	0.049453%	0.047255%	0.041320%
Employer's proportionate share of the net OPEB liability	\$ 39,720	\$ 37,217	\$ 32,685
Employer's covered- employee payroll	\$ 551,822	\$ 517,074	\$ 447,015
Employer's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	7.20%	7.20%	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	63.13%	61.89%	59.78%

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

**SCHEDULE OF SCHOOL DISTRICT'S OPEB CONTRIBUTIONS**  
**ND Public Employees Retirement System**  
**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 6,418	\$ 6,065	\$ 5,196
Contributions in relation to the statutorily required contributions	\$ (6,245)	\$ (5,648)	\$ (5,182)
Contribution deficiency (excess)	\$ 173	\$ 417	\$ 14
Employer's covered-employee payroll	\$ 551,822	\$ 517,074	\$ 447,015
Contributions as a percentage of covered-employee payroll	1.13%	1.09%	1.16%

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

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2020**

**North Dakota Public Employees Retirement System (Main System) OPEB**

**Changes of benefit terms.**

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

**Changes of assumptions**

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

- The investment return assumption was lowered from 7.50% to 7.25%

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

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**

Carrington, North Dakota

**SCHEDULE OF SCHOOL DISTRICT'S SHARE OF NET PENSION LIABILITY**

ND Teachers' Fund for Retirement

Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.416448%	0.432322%	0.427494%	0.456141%	0.463644%	0.457261%
Employer's proportionate share of the net pension liability	\$ 5,735,548	\$ 5,762,241	\$ 5,871,735	\$ 6,682,731	\$ 6,063,792	\$ 4,791,285
Employer's covered payroll	\$ 2,921,503	\$ 2,938,966	\$ 2,885,459	\$ 2,963,661	\$ 2,851,899	\$ 2,652,356
Employer's proportionate share of the net pension liability as a percentage of its covered - employee payroll	196.32%	196.06%	203.49%	225.49%	212.62%	180.64%
Plan fiduciary net position as a percentage of the total pension liability	65.50%	65.50%	63.20%	59.20%	62.10%	66.60%

\*Complete data for this schedule is not available prior to 2015.

**SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS**

ND Teachers' Fund for Retirement

Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 370,262	\$ 372,491	\$ 374,718	\$ 377,867	\$ 363,599	\$ 285,126
Contributions in relation to the statutorily required contributions	\$ (370,262)	\$ (372,491)	\$ (374,718)	\$ (377,867)	\$ (363,599)	\$ (285,126)
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$
Employer's covered-employee payroll	\$ 2,921,503	\$ 2,938,966	\$ 2,885,459	\$ 2,963,661	\$ 2,851,899	\$ 2,652,356
Contributions as a percentage of covered-employee payroll	12.67%	12.67%	12.99%	12.75%	12.75%	10.75%

\*Complete data for this schedule is not available prior to 2015.

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2020**

**ND Teachers' Fund for Retirement**

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

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

## **OTHER SUPPLEMENTARY INFORMATION**

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**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**SCHOOL DISTRICT OFFICIALS**  
**June 30, 2020**

Scott Fetch	President
Joel Lemer	1 <sup>st</sup> Vice-President
Kevin Wolsky	2 <sup>nd</sup> Vice-President
Angela Kutz	Board Member
Tonia Erickson	Board Member
Dr. Brian Duchscherer	Superintendent
Kimary Edland	Business Manager



# Schauer & Associates, P.C.

Certified Public Accountants

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

School Board  
**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
Carrington, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 24, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49'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 **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49'S** internal control. Accordingly, we do not express an opinion on the effectiveness of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49'S** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we considered to be a significant deficiency. (2015-001)



**INDEPENDENT AUDITORS' 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* - continued**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49'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*.

**Carrington Public School District No. 49 Response to Finding**

Carrington Public School District No. 49's response to the finding identified in our audit is described in the accompanying schedule of findings. Carrington Public School District No. 49's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants

Jamestown, North Dakota  
January 24, 2021

**CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**  
**Carrington, North Dakota**  
**SCHEDULE OF FINDINGS**  
**Year Ended June 30, 2020**

Finding 2015-001 Significant Deficiency – Financial Statement Preparation

Condition

Schauer & Associates, P.C. assists the District's management in preparing financial statements that are presented, including note disclosures in accordance with generally accepted accounting principles.

Criteria

As a matter of internal control, management should be responsible and capable of preparing financial statements in conformity with generally accepted accounting principles.

Cause

The District Board feels that it is more cost effective to ask an independent accountant to prepare the complete financial statements and disclosures, rather than to invest in ongoing specialized training that would be necessary.

Effect

Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosure.

Recommendation

We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures. We further recommend that a responsible official review a current appropriate disclosure checklist or other guidance to ensure the financial statements contain all necessary disclosures.

View of Responsible Officials – concur