BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

FINANCIAL STATEMENTS
JUNE 30, 2021

WITH INDEPENDENT AUDITOR'S REPORT

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

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FOR THE YEAR ENDED JUNE 30, 2021

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHOOL OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2021

Current

Stuart Coleman	Board President
Matt Johnson	Board Vice President
David Agnes	Board Member
Michael Haberman	Board Member
Chuck Neubauer	Board Member
Katie Tofteland	Board Member
Shawn Shultz	Board Member
Pat Brenden	Superintendent
Deborah Nelson	Business Manager

June 30, 2021

Stuart Coleman	Board President
Matt Johnson	Board Vice President
David Agnes	Board Member
Michael Haberman	Board Member
Chuck Neubauer	Board Member
Katie Tofteland	Board Member
Cory Miller	Board Member
Pat Brenden	Superintendent
Deborah Nelson	Business Manager

WIDMER ROEL
CPAs • BUSINESS ADVISORS

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INDEPENDENT AUDITOR'S REPORT

School Board and Administration
Bottineau Public School District No. 1
Bottineau, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Bottineau Public School District No. 1** (School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **Bottineau Public School District No. 1**, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 of the financial statements, Bottineau Public School District No. 1 adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

The School Officials listing has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the **Bottineau Public School District No. 1's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Bottineau Public School District No. 1's** internal control over financial reporting and compliance.

Widmer Roel PC

Fargo, North Dakota
December 13, 2021

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

STATEMENT OF NET POSITION
JUNE 30, 2021

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	4,250,467
Investments		1,958,074
Taxes receivable		209,435
Accounts receivable		365,047
Capital assets, net of accumulated depreciation		
Buildings		8,448,327
Equipment		1,961,769
Construction in progress		718,447
Total assets		17,911,566
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows relating to pensions and OPEB		3,925,076
Total assets and deferred outflows of resources	$	21,836,642
LIABILITIES		
Accounts payable	$	177,812
Current portion of long-term debt		466,628
Long-term liabilities		
Long-term debt, net of current portion		7,234,072
Bond payable		-
Compensated absences payable		32,736
Net pension and OPEB liability		12,021,014
Total liabilities		19,932,262
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows relating to pensions and OPEB		1,708,881
NET POSITION		
Net investment in capital assets		3,427,843
Restricted for		
Debt services		45,296
Capital projects		3,690,082
Food service		11,756
Student activities		342,826
Unrestricted		(7,322,304)
Total net position		195,499
Total liabilities, deferred inflows of resources and net position	$	21,836,642

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues		Net Revenue (Expense) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Total
GOVERNMENTAL ACTIVITIES				
Regular programs	$ 7,764,978	$ 56,536	$ 6,177,429	$ (1,531,013)
Vocational education	591,982	-	74,198	(517,784)
Federal programs	237,754	-	-	(237,754)
District wide services	230,518	54,094	-	(176,424)
Administration	119,997	-	-	(119,997)
Operations and maintenance	312,913	-	-	(312,913)
Food service	674,830	60,662	467,049	(147,119)
Transportation	14,392	-	-	(14,392)
Student activities	179,345	155,059	-	(24,286)
Capital outlay	780,288	-	-	(780,288)
Debt service	131,773	-	-	(131,773)
Total governmental activities	$ 11,038,770	$ 326,351	$ 6,718,676	$ (3,993,743)
GENERAL REVENUES				
Property taxes				3,111,420
Oil and gas tax				452,613
Interest income				39,268
Miscellaneous revenues				6,964
Total general revenues				3,610,265
Change in net position				(383,478)
Net position July 1, as previously reported				236,166
Change in accounting principle (Note 1)				342,811
Net position July 1 as adjusted				578,977
Net position - June 30				$ 195,499

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Building Fund	Debt Service Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,158,859	$ 2,729,401	$ 39,259	$ 11,756	$ 311,194	$ 4,250,469
Investments	839,343	1,088,286	-	-	30,445	1,958,074
Accounts receivable	352,671	3,839	6,037	-	2,500	365,047
Taxes receivable	157,310	19,968	32,157	-	-	209,435
Total assets	$ 2,508,183	$ 3,841,494	$ 77,453	$ 11,756	$ 344,139	$ 6,783,025
LIABILITIES						
Accounts payable	$ 45,058	$ 131,444	$ -	$ -	$ 1,313	$ 177,815
DEFERRED INFLOWS OF RESOURCES						
Deferred tax revenue	157,310	19,968	32,157	-	-	209,435
FUND BALANCES						
Committed for						
Student activities	-	-	-	-	342,826	342,826
Restricted for						
Debt services	-	-	45,296	-	-	45,296
Food services	-	-	-	11,756	-	11,756
Capital projects	-	3,690,082	-	-	-	3,690,082
Unassigned	2,305,815	-	-	-	-	2,305,815
Total fund balances	2,305,815	3,690,082	45,296	11,756	342,826	6,395,775
Total liabilities, deferred inflows of resources, and fund balances	$ 2,508,183	$ 3,841,494	$ 77,453	$ 11,756	$ 344,139	$ 6,783,025

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balances for governmental funds		$	6,395,775
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds			
Cost of capital assets	21,916,573		
Less accumulated depreciation	(10,788,030)		
			11,128,543
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds			209,435
Net pension and OPEB obligations are not due and payable in the current period, and therefore are not reported in the governmental funds.			(12,021,013)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
Total deferred outflows of resources	3,925,076		
Total deferred inflows of resources	(1,708,881)		
			2,216,195
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable	(32,736)		
Long-term debt	(7,700,700)		
			(7,733,436)
Total net position of governmental activities		$	195,499

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

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

	General Fund	Building Fund	Debt Service Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Local sources	$ 2,470,825	$ 294,670	$ 484,685	$ -	$ -	$ 3,250,180
State sources	5,609,080	-	-	1,120	-	5,610,200
Federal sources	1,149,255	-	-	423,744	-	1,572,999
Other sources	71,283	24,175	295	102,880	155,337	353,970
Total revenues	9,300,443	318,845	484,980	527,744	155,337	10,787,349
EXPENDITURES						
Current						
Regular instruction	8,291,100	-	-	-	-	8,291,100
Vocational education	389,436	-	-	-	-	389,436
Federal programs	237,754	-	-	-	-	237,754
Administration	21,141	-	-	-	-	21,141
Operations and maintenance	99,933	212,979	-	-	-	312,912
Food service	-	-	-	635,896	-	635,896
Transportation	8,415	-	-	-	5,977	14,392
Student activities	-	-	-	-	179,345	179,345
Capital outlay	-	780,288	-	-	-	780,288
Debt service						
Principal	63,267	56,733	313,712	-	-	433,712
Interest and fees	24,673	-	142,761	-	-	167,434
Total expenditures	9,135,719	1,050,000	456,473	635,896	185,322	11,463,410
Excess (deficiency) of revenues over expenditures	164,724	(731,155)	28,507	(108,152)	(29,985)	(676,061)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	-
Transfers in	-	75,774	-	115,000	30,000	220,774
Transfers out	(220,774)	-	-	-	-	(220,774)
Total other financing sources (uses)	(220,774)	75,774	-	115,000	30,000	-
Net change in fund balances	(56,050)	(655,381)	28,507	6,848	15	(676,061)
FUND BALANCE, JULY 1, AS PREVIOUSLY REPORTED	2,361,865	4,345,463	16,789	4,908	-	6,729,025
CHANGE IN ACCOUNITNG PRINCIPLE, NOTE 1	-	-	-	-	342,811	342,811
FUND BALANCE, JULY 1, AS ADJUSTED	2,361,865	4,345,463	16,789	4,908	342,811	7,071,836
FUND BALANCES - JUNE 30	$ 2,305,815	$ 3,690,082	$ 45,296	$ 11,756	$ 342,826	$ 6,395,775

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

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

Net change in fund balances - total governmental funds		$ (676,061)
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:		
Current year capital outlay	462,058	
Depreciation expense	151,574	
		613,632
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		466,472
Governmental funds report the effect of premiums on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.		
Net decrease in bond premium		2,901
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net decrease in compensated absences		1,017
The net pension and OPEB liability, and related deferred outflows and inflows of resources are reported in the government wide statements; however, activity related to these pension and OPEB items do not involve financial resources, and are not reported in the funds		
Increase in net pension and OPEB liability	(2,812,093)	
Increase in deferred outflows of resources	2,148,493	
Increase in deferred inflows of resources	(62,458)	
		(726,058)
Some revenues reported in the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the decrease in taxes receivable along with tuition for local education agencies.		(65,381)
Change in net position of governmental activities		$ (383,478)

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

		Custodial Fund
ASSETS		
Accounts receivable	$	37,166
Total assets	$	37,166
LIABILITIES		
Cash disbursements in excess of cash receipts	$	37,166
Total Liabilities	$	37,166

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund
Additions	
Contributions	$ 37,166
Total additions	37,166
Deductions	
Administration expense	1,653
Equipment	35,513
Total deductions	37,166
Change in net position	-
Net position - July 1	-
Net position - June 30	$ -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The financial statements of the Bottineau Public School District No. 1 ("School District"), Bottineau, North Dakota, have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Government Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the activities of the Bottineau Public School District No. 1. The School District has considered all potential component units for which the School District is financially accountable and other organizations for which the nature and significance of their relationships with the School District are such that exclusion would cause the School District's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. Their criteria include appointing a voting majority of an organization's governing board and (1) the ability of the School District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or imposed financial burdens on the School District.

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

Basis of Presentation

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

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

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

Fund Financial Statements: The fund financial statements provide information about the School District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, displayed in a separate column. All remaining governmental funds are aggregate and reported as non-major funds.

(Continued)

Measurement Focus and Basis of Accounting

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

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

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

The School District reports the following major governmental funds:

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

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

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

Food Service Fund: The fund is used to account for the proceeds of food service revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action.

The School District reports the following fiduciary fund type:

Custodial Fund: This fund accounts for assets held by the School District in a custodial capacity as an agent on behalf of others. The School District's custodial fund is used to account for various deposits of the school's trust fund.

(Continued)

Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the County consist of certificates of deposit stated at cost with maturities in excess of three months.

Capital Assets

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

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

Buildings	20 to 40 years
Equipment	5 to 20 years

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See additional information regarding this item in Note 7 and 8 to the financial statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has multiple items that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports deferred inflows of resources related to pensions and other post-employment benefits. See additional information regarding this item in Note 8 and 9 to the financial statements.

Long-Term Obligations

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

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

(Continued)

Fund Financial Statements

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

Restricted and Unrestricted Resources

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

Fund Balance and Classification Policies and Procedures

The School District classifies governmental fund balances as follows:

> ***Nonspendable*** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
>
> ***Restricted*** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
>
> ***Committed*** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
>
> ***Assigned*** – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Manager.
>
> ***Unassigned*** – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

Program Revenues

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

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

(Continued)

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

Accounts Payable

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

Salaries and Benefits Payable

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

Compensated Absences

Compensated absences consist of annual leave which is compensated at termination of employment at the employee's daily pay rate. The liability for the portion of compensated absences related to annual leave is reported in the government-wide statement of Net Position.

Pensions

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

Other Post-Employment Benefits (OPEB)

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

New Accounting Pronouncement

During the year ended June 30, 2021 the School District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by recording the student activity funds as a special revenue fund as part of the governmental funds. The student activity funds were not previously reported as governmental funds and as such were not recorded in ending net position of the statement of activities. Beginning net position on the statement of activities and fund balance on the statement of revenues, expenditures and changes in fund balance have been restated to reflect this change.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

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

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

At year ended June 30, 2021, the District's carrying amount of deposits was $6,171,375 and the bank balances were $6,685,811. Of the bank balance, $906,887 was covered by Federal Depository Insurance. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

Interest Rate Risk

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

Credit Risk

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

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

At June 30, 2021 the District held certificates of deposit in the amount of $1,958,074 which are all considered deposits and included in the above amount of total deposits.

Concentration of Credit Risk

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

NOTE 3 – TAXES RECEIVABLE

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

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments, and the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount on property taxes is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent, and penalties are assessed.

Property owners generally choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

NOTE 4 – INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of reimbursements due for expenses in the operation of various school programs. These amounts consist of a mix of state and federal dollars.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Dispositions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	$ -	$ -	$ -	$ -	-
Construction in progress	8,204,634	774,991		(8,261,178)	718,447
Total capital assets not being depreciated	8,204,634	774,991	-	(8,261,178)	718,447
Capital assets, being depreciated					
Buildings	8,379,193	-	474,274	8,261,178	16,166,097
Equipment	4,870,688	169,029	7,688	-	5,032,029
Total capital assets, being depreciated	13,249,881	169,029	481,962	8,261,178	21,198,126
Less accumulated depreciation for					
Buildings	8,092,742	32,625	407,597	-	7,717,770
Equipment	2,846,862	231,086	7,688	-	3,070,260
Total accumulated depreciation	10,939,604	263,711	415,285	-	10,788,030
Total capital assets, being depreciated, net	2,310,277	(94,682)	66,677	8,261,178	10,410,096
Governmental activities capital assets, net	$ 10,514,911	$ 680,309	$ 66,677	$ -	11,128,543

(Continued)

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

Regular Instruction (School/Student learning)	$	217,040
Federal Programs		6,196
Vocational Education		10,149
Administration (Business offices)		550
Operations & Maintenance		8,155
Food Services (Hot Lunch)		16,572
Student Transportation		375
Student Activities		4,674
	$	263,711

NOTE 6 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Long-term debt	$ 8,167,172	$ -	$ 466,472	$ 7,700,700	$ 466,628
Bond premium	2,901	-	2,901	-	-
Compensated absences	33,753	-	1,017	32,736	-
Net pension liability	9,109,742	2,810,035	-	11,919,777	-
Net OPEB liability	99,179	2,058	-	101,237	-
Total	$ 17,412,747	$ 2,812,093	$ 470,390	$ 19,754,450	$ 466,628

The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund. The payments on the bonds will be made by the Debt Service Fund.

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

General Obligation Bonds

$7,560,000 General Obligation School Building Bond, Series 2019 dated August 1, 2019 due in annual installments of $456,473.13 on May 1, 2020 through 2039 with interest at 2%.	$ 6,843,460

(Continued)

Debt service requirements on the general obligation bonds, including interest, at June 30, 2021 are as follows:

	Principal	Interest	Total
2022	$ 319,604	$ 136,869	$ 456,473
2023	325,996	130,477	456,473
2024	332,516	123,957	456,473
2025	339,166	117,307	456,473
2026	345,950	110,524	456,474
2027-2031	1,836,342	446,024	2,282,366
2032-2036	2,027,470	254,896	2,282,366
2037-2041	1,316,416	53,003	1,369,419
	$ 6,843,460	$ 1,373,057	$ 8,216,517

Revenue Bonds

$1,150,000 Limited Tax Bonds Series 2013 dated June 5, 2013 due in annual installments of $110,000 to $120,000, due on August 1, 2016 through 2023, with interest at 1.338% per annum due semiyearly on February 1 and August 1, commencing February 1, 2016.	$ 240,000

Debt service requirements on the construction loans, including interest, at June 30, 2021 are as follows:

	Principal	Interest	Total
2022	$ 120,000	$ 3,660	$ 123,660
2023	120,000	1,920	121,920
	$ 240,000	$ 5,580	$ 245,580

Certificate of Indebtedness

$650,000 State Aid Certificate of Indebtedness, Series 2020 dated June 1, 2020 due in annual installments of $39,368.64 due on December 1, 2020 through 2039 with interest at 2%.	$ 617,240

(Continued)

Debt service requirements on the certificate of indebtedness, including interest, at June 30, 2021 are as follows:

	Principal	Interest	Total
2022	$ 27,024	$ 12,346	$ 39,370
2023	27,564	11,804	39,368
2024	28,116	11,253	39,369
2025	28,678	10,691	39,369
2026	29,250	10,117	39,367
2027-2031	155,271	41,572	196,843
2032-2036	171,431	25,412	196,843
2037-2041	149,906	7,570	157,476
	$ 617,240	$ 130,765	$ 748,005

NOTE 7 - TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended June 30, 2021.

Fund	Transfer In	Transfer Out
Building fund	$ 75,774	$ -
Food service fund	115,000	-
Student activity fund	30,000	-
General Fund	-	220,774
Total	$ 220,774	$ 220,774

NOTE 8 – PENSION PLANS

General Information about the TFFR Pension Plan

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

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

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

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

(Continued)

Pension Benefits

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

Tier 1 Grandfathered

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

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

Tier 1 Non-grandfathered

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

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

Tier 2

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

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

(Continued)

Death and Disability Benefits

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

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

Member and Employer Contributions

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

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

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

At June 30, 2021**,** the Employer reported a liability of $7,904,824 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2020, the Employer's proportion was 0.51648521 percent, which was a decrease of 0.03222535 from its proportion measured as of July 1, 2019.

For the year ended June 30, 2021, the Employer recognized pension expense of $669,086. At June 30, 2021, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,630	$ 296,651
Changes of assumptions	355,787	-
Net difference between projected and actual earnings on pension plan investments	487,976	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	127,989	736,195
Employer contributions subsequent to the measurement date	513,896	-
	$ 1,487,278	$ 1,032,846

$513,896 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:	
2022	$ (19,652)
2023	(28,901)
2024	42,108
2025	58,101
2026	(71,597)
Thereafter	(39,524)

Actuarial Assumptions

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

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

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2020are 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%	1.3%
Global real assets	18%	5.0%
Cash equivalents	1%	0.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2020, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 2020. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of net pension liability	$ 10,528,801	$ 7,904,824	$ 5,724,165

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.

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System) ("NDPERS")

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.

(Continued)

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

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was 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, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

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

Refunds of Member Account Balance

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

(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, 2021, the Employer reported a liability of $4,014,953, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2020, the Employer's proportion was 0.127620 percent, which was a decrease of 0.004847 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Employer recognized pension expense of $676,928. At June 30, 2021, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,625	$ 203,441
Changes of assumptions	2,152,268	355,823
Net difference between projected and actual earnings on pension plan investments	129,582	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	107,028
District contributions subsequent to the measurement date	105,550	-
	$ 2,403,025	$ 666,292

(Continued)

$105,550 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:		
2022	$	472,072
2023		415,943
2024		345,117
2025		398,051
2026		-
Thereafter		-

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	3.50% to 17.75%, including inflation
Investment rate of return	7.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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

(Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	30%	6.30%
International equity	21%	6.85%
Private equity	7%	9.75%
Domestic fixed income	23%	1.25%
International fixed income	0%	0.00%
Global real assets	19%	5.01%
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 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 4.64 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate:

	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
District's proportionate share of net pension liability	$ 5,209,100	$ 4,014,953	$ 3,037,849

(Continued)

Pension Plan Fiduciary Net Position

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

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – ND PERS

General Information about the OPEB Plan

North Dakota Public Employees Retirement System OPEB Plan

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

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

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

OPEB Benefits

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

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

(Continued)

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

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

At June 30, 2021, the Employer reported a liability of $101,273 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2020, the Employer's proportion was 0.120392 percent, which was a decrease of 0.003090 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Employer recognized OPEB expense of $13,110. At June 30, 2021, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,248	$ 2,428
Changes of assumptions	13,579	-
Net difference between projected and actual earnings on pension plan investments	3,483	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	7,315
District contributions subsequent to the measurement date	15,463	-
	$ 34,773	$ 9,743

$15,463 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

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

Year Ended June 30:		
2022	$	1,795
2023		2,695
2024		2,530
2025		1,727
2026		722
Thereafter		98

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap domestic equities	33%	6.10%
Small cap domestic equities	6%	7.00%
Domestic fixed income	40%	1.15%
International equities	21%	6.45%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Plans as of June 30, 2020, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's proportionate share of net pension liability	$ 132,822	$ 101,273	$ 74,595

NOTE 10 – RISK MANAGEMENT

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

In 1986, the state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The School District pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of $2,000,000 per occurrence for general liability and automobile; and $772,421 for public asset coverage.

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

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

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

BOTTINEAU PUBLIC SCHOOL
DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

Schedule of Employer's Share of Net Pension Liability

Pension Plan	Measurement Date	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liabilit
ND TFFR	6/30/2020	0.516485%	$ 7,904,824	$ 3,768,589	209.76%	63.40%
ND TFFR	6/30/2019	0.548711%	$ 7,557,133	$ 3,849,361	196.32%	65.50%
ND TFFR	6/30/2018	0.556667%	$ 7,419,586	$ 3,784,276	196.06%	65.50%
ND TFFR	6/30/2017	0.538981%	$ 7,403,038	$ 3,637,965	203.49%	63.20%
ND TFFR	6/30/2016	0.578641%	$ 8,477,428	$ 3,759,574	225.49%	59.20%
ND TFFR	6/30/2015	0.599059%	$ 7,834,824	$ 3,684,839	212.62%	62.10%
ND TFFR	6/30/2014	0.606400%	$ 6,353,997	$ 3,517,441	180.64%	66.60%
ND PERS	6/30/2020	0.217620%	$ 4,014,953	$ 1,407,799	285.19%	49.44%
ND PERS	6/30/2019	0.132467%	$ 1,552,609	$ 1,377,880	112.68%	71.66%
ND PERS	6/30/2018	0.132422%	$ 2,234,766	$ 1,360,392	164.27%	62.80%
ND PERS	6/30/2017	0.139109%	$ 2,235,938	$ 1,420,084	157.45%	61.98%
ND PERS	6/30/2016	0.144461%	$ 1,407,913	$ 1,455,823	96.71%	70.46%
ND PERS	6/30/2015	0.151638%	$ 1,031,113	$ 1,350,911	76.33%	77.15%
ND PERS	6/30/2014	0.142672%	$ 905,570	$ 1,201,842	75.35%	77.70%

*Complete data for this schedule is not available prior to 2014.

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*

Schedule of Employer's Contributions

Pension Plan	Measurement Date	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions a a Percentage of Covered-Employee Payroll
ND TFFR	6/30/2020	$ 480,489	$ (480,489)	$ -	$ 3,768,589	12.75%
ND TFFR	6/30/2019	$ 490,794	$ (490,794)	$ -	$ 3,849,361	12.75%
ND TFFR	6/30/2018	$ 482,495	$ (482,495)	$ -	$ 3,784,276	12.75%
ND TFFR	6/30/2017	$ 463,841	$ (463,841)	$ -	$ 3,637,965	12.75%
ND TFFR	6/30/2016	$ 479,346	$ (479,346)	$ -	$ 3,759,574	12.75%
ND TFFR	6/30/2015	$ 469,795	$ (469,795)	$ -	$ 3,684,839	12.75%
ND TFFR	6/30/2014	$ 378,122	$ (378,122)	$ -	$ 3,517,441	10.75%
ND PERS	6/30/2020	$ 99,685	$ (100,875)	$ (1,190)	$ 1,407,799	7.17%
ND PERS	6/30/2019	$ 100,318	$ (95,991)	$ 4,327	$ 1,377,880	6.97%
ND PERS	6/30/2018	$ 100,199	$ (96,386)	$ 3,813	$ 1,360,392	7.09%
ND PERS	6/30/2017	$ 102,973	$ (87,074)	$ 15,899	$ 1,420,084	6.13%
ND PERS	6/30/2016	$ 105,399	$ (95,941)	$ 9,458	$ 1,455,823	6.59%
ND PERS	6/30/2015	$ 102,612	$ (90,830)	$ 11,782	$ 1,350,911	6.72%
ND PERS	6/30/2014	$ 85,571	$ (85,571)	$ -	$ 1,201,842	7.12%

*Complete data for this schedule is not available prior to 2014.

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
NDPERS - OPEB				
Employer's proportion of the net pension liability	0.120392%	0.124382%	0.124326%	0.131265%
Employer's proportionate share of the net pension liability	$ 101,273	$ 99,179	$ 97,915	$ 103,832
Employer's covered-employee payroll	$ 1,372,438	$ 1,377,880	$ 1,360,392	$ 1,420,084
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.38%	7.20%	7.20%	7.31%
Plan fiduciary net position as a percentage of the total pension liability	63.38%	63.13%	61.89%	59.78%

*Complete data not available prior to 2018.

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
NDPERS - OPEB				
Statutorily required contribution	$ 16,123	$ 16,025	$ 15,957	$ 16,507
Contributions in relation to the statutorily required contribution	$ (16,151)	$ (15,368)	$ (15,433)	$ (13,942)
Contribution deficiency (excess)	$ (28)	$ 657	$ 524	$ 2,565
Employer's covered-employee payroll	$ 1,372,438	$ 1,377,880	$ 1,360,392	$ 1,420,084
Contributions as a percentage of covered-employee payroll	1.18%	1.12%	1.13%	0.98%

*Complete data not available prior to 2018.

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
LAST 10 FISCAL YEARS*

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
REVENUES				
Local sources	$ 2,384,585	$ 2,384,585	$ 2,470,825	$ 86,240
State sources	5,520,514	5,520,514	5,609,080	88,566
Federal sources	811,791	1,176,861	1,149,255	(27,606)
Other sources	50,400	50,400	71,283	20,883
Total revenues	8,767,290	9,132,360	9,300,443	168,083
EXPENDITURES				
Current				
Regular instruction	7,876,779	8,241,849	8,291,100	49,251
Vocational education	388,365	388,365	389,436	1,071
Federal programs	250,023	250,023	237,754	(12,269)
Administration	32,189	32,189	21,141	(11,048)
Operations and maintenance	110,500	110,500	99,933	(10,567)
Transportation	24,382	24,382	8,415	(15,967)
Student activities	250	250	-	(250)
Capital outlay	2,500	2,500	-	(2,500)
Debt service				
Principal	58,267	58,267	63,267	5,000
Interest and fees	7,865	7,865	24,673	16,808
Total expenditures	8,751,120	9,116,190	9,135,719	19,529
Excess (deficiency) of revenues over expenditures	16,170	16,170	164,724	148,554
Other Financing Sources				
Transfers out	(275,774)	(275,774)	(220,774)	55,000
Net change in fund balance	(259,604)	(259,604)	(56,050)	203,554
FUND BALANCE, JULY 1	2,361,865	2,361,865	2,361,865	-
FUND BALANCE, JUNE 30	$ 2,102,261	$ 2,102,261	$ 2,305,815	$ 203,554

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

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

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

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

North Dakota Teacher's Fund for Retirement Changes of Assumptions

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

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

North Dakota Public Employees Retirement System Pension Changes of Benefit Terms

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 20210 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

North Dakota Public Employees Retirement System Pension 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 7.5% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

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

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, 2019.

OPEB Changes of Assumptions

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

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

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