

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

***REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended June 30, 2021***

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
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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, 2021, 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, 2021, 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 4 through 9 and 43 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49's** basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Emphasis of Matter

As discussed in Note 1 P to the financial statements, **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT - continued

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2022, 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
February 5, 2022

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

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, 2021. 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 2020-2021 are as follows:

- Net position of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** increased \$979,112 as a result of the current year's operations.
- Governmental net position as of the end of the fiscal year totaled \$4,125,950.
- Total revenues from all sources were \$9,840,529.
- Total expenditures were \$8,861,417.
- The District's general fund had \$7,331,051 in total revenues and \$6,907,063 in total expenditures. Overall, the general fund balance increased by \$453,205 for the year ended June 30, 2021.

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, 2021?"

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, 2021

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 includes the school lunch fund, special reserve fund and school activity fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table I provides a summary of the District's net position as of June 30, 2021 and 2020.

As indicated in the financial highlights above, the District's net position increased by \$979,112 for the year ended June 30, 2021 and decreased by \$66,891 for the year ended June 30, 2020. Changes in net position may serve over time as a useful indicator of the District's financial condition.

The District's net position of \$4,125,950 is segregated into three separate categories. Net investment in capital assets is 131% of total net position. Restricted net position represents 66% 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	2021	2020
Current assets	\$ 5,659,503	\$ 4,627,131
Capital assets (net of depreciation)	19,927,830	20,017,534
Deferred outflows of resources	2,109,933	1,094,655
Total Assets and Deferred Outflows of Resources	27,697,266	25,739,320

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
MANAGEMENT DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2021

	2021	2020
LIABILITIES		
Current liabilities	1,081,875	1,048,566
Long-term liabilities	21,470,577	20,858,207
Total Liabilities	22,552,452	21,906,773
Deferred Inflows of Resources	1,018,864	949,909
NET POSITION		
Net investment in capital assets	5,396,197	4,849,646
Restricted	2,734,187	2,090,214
Unrestricted	(4,004,434)	(4,057,222)
Total Net Position	4,125,950	2,882,638
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 27,697,266	\$25,739,320

Table II shows the changes in net position for the fiscal years ended June 30, 2021 and 2020.

Table II
CHANGES IN NET POSITION
Years ended June 30,

	2021		2020	
REVENUES				
Program revenues				
Charges for services	\$ 434,697	4.42 %	\$ 231,162	2.82%
Operating grants and contributions	1,369,800	13.92	775,536	9.46
General revenues				
Property taxes	3,890,951	39.54	3,626,161	44.25
State aid - unrestricted	4,040,699	41.06	3,809,741	46.48
Other	104,382	1.06	157,307	1.92
Loss on disposition of assets			(404,302)	(4.93)
Total Revenues	9,840,529	100.00%	8,195,605	100.00%
EXPENSES				
Regular instruction	4,478,499	50.54%	4,321,633	52.30%
Federal programs	292,708	3.30	144,473	1.75
Special education	635,779	7.18	622,548	7.54
Vocational education	263,600	2.98	259,808	3.14
Instructional support services	177,311	2.00	170,777	2.07
Administrative services	460,565	5.20	427,445	5.17
Operation and maintenance of plant	538,543	6.08	613,953	7.43
Student transportation	480,457	5.42	485,927	5.88
Extracurricular activities	609,054	6.87	283,352	3.43

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
MANAGEMENT DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2021

	2021		2020	
Food service	344,179	3.88	325,973	3.95
Interest on long-term debt	580,722	6.55	606,607	7.34
Total Expenses	<u>8,861,417</u>	<u>100.00%</u>	<u>8,262,496</u>	<u>100.00%</u>
Change in Net Position	979,112		(66,891)	
Beginning Net Position	2,882,638		2,949,529	
Prior Period Adjustment	264,200			
Beginning Net Position as restated	<u>3,146,838</u>		<u>2,949,529</u>	
Ending Net Position	<u>\$ 4,125,950</u>		<u>\$2,882,638</u>	

Property taxes constituted 40%, unrestricted state aid 41%, operating grants and contributions 14% and charges for services 4% of the total revenues of governmental activities of the District for fiscal year ended June 30, 2021. 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.

Regular instruction constituted 51%, vocational education 3%, and special education 7% of total expenditures for governmental activities for fiscal year ended June 30, 2021. Regular instruction constituted 52%, vocational education 3% and special education 8% of total expenditures for governmental activities for fiscal year ended June 30, 2020.

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, 2021	Net Cost For Year Ended June 30, 2021	Total Cost For Year Ended June 30, 2020	Net Cost For Year Ended June 30, 2020
Regular instruction	\$ 4,478,499	\$ 4,452,880	\$ 4,321,633	\$ 4,273,039
Federal programs	292,708	(235,710)	144,473	(619)
Special education	635,779	635,779	622,548	622,548
Vocational education	263,600	216,723	259,808	213,215
Instructional support services	177,311	177,311	170,777	170,777
Administrative services	460,565	460,565	427,445	427,445
Operation and maintenance of plant	538,543	538,543	613,953	610,501
Student transportation	480,457	339,505	485,927	317,175
Extracurricular activities	609,054	263,718	283,352	273,516
Food service	344,179	(94,929)	325,973	19,781
Interest on long-term debt	580,722	302,535	606,607	328,420
	<u>\$ 8,861,417</u>	<u>\$ 7,056,920</u>	<u>\$ 8,262,496</u>	<u>\$ 7,255,798</u>

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
MANAGEMENT DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2021

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 \$9,843,225 and expenditures of \$9,029,001 for the year ended June 30, 2021. As of June 30, 2021, the total unassigned fund balance of all District governmental funds was \$2,665,421. 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 for all District governmental funds was \$2,212,216.

GENERAL FUND BUDGET HIGHLIGHTS

Actual revenue for the year ended June 30, 2021 was \$263,315 more than budgeted. This was mainly due to more federal funds than was budgeted. 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 expenditures for the year ending June 30, 2021, were \$171,930 less than budgeted. This was mainly due in part to less spent in regular instruction and maintenance than was budgeted but also more spent in federal expenditures. 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.

CAPITAL ASSETS

As of June 30, 2021, **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** had \$19,927,830 invested in capital assets. Table IV shows the balances as of June 30, 2021 and 2020.

Table IV
CAPITAL ASSETS (net accumulated depreciation)

	2021	2020
Land	\$ 43,598	\$ 43,598
Buildings	18,059,495	18,402,774
Equipment	785,771	516,907
Vehicles	1,038,966	1,054,255
Total Capital Assets (Net of Depreciation)	<u>\$ 19,927,830</u>	<u>\$ 20,017,534</u>

This total represents a decrease of \$89,704 in capital assets from July 1, 2020. 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, 2021, the District had \$14,636,988 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, 2021

FOR THE FUTURE

The Carrington School District, located in Foster County, North Dakota, is an accredited K-12 school district that covers over 775 square miles. The Carrington School District is a progressive school district that is housed in one campus. The high school was originally built in 1962, with a junior high addition completed in 2008 and an elementary addition completed in 2018. There are two gymnasiums, a shared commons/cafeteria area and two library media centers.

The District has been recognized as one of the top ten districts in the state for serving students with special needs in 2020, and the elementary school was recognized as a 2012 National Blue-Ribbon school. Carrington's students consistently score above the state average on standardized tests, with over 85% of graduates attending postsecondary education.

The School District has experienced an increase in enrollment over the past several years as a result of open enrolling families from neighboring districts. The school offers 1:1 technology, with K-6 students having iPads, and 7-12 students with MacBook Air Computers. The school is in its eighth year of the one-to-one program. In addition to state-of-the-art digital devices, students are challenged with an aggressive curriculum of Advanced Placement, dual credit and college credit course offerings. Archery was added as an extra-curricular offering and this spring fast pitch softball will debut at Carrington High School.

The District is in the second year of a five-year strategic plan, which makes the priorities clear. The plan provides transparency for the public, and will hold the District accountable for maintaining the focus on what benefits the students. The plan invites all stakeholders to help in the mission of the school district 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 3rd 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, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,696,025
Certificates of deposit over three months	500,000
Taxes receivable	165,967
Receivable from other governmentals	163,718
Prepaid expenses	130,049
Inventories	3,744
Capital Assets	
Land	43,598
Buildings	21,325,237
Equipment	1,751,431
Vehicles	1,651,168
Less: accumulated depreciation	<u>(4,843,604)</u>
Total Capital Assets	<u>19,927,830</u>
Total Assets	<u>25,587,333</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions - NDTFFR	1,077,581
Deferred outflows of resources related to pensions - NDPERS	1,015,980
Deferred outflows of resources related to OPEB	<u>16,372</u>
Total Deferred Outflows of Resources	<u>2,109,933</u>
 Total Assets and Deferred Outflows of Resources	<u><u>\$ 27,697,266</u></u>
 LIABILITIES	
Accounts payable and accrued expenses	\$ 108,462
Due within one year	
Bonds	897,631
Interest payable	75,782
Due in more than one year	
Bonds	13,634,002
Compensated absences	105,355
Net Pension Obligation - NDTFFR	6,091,326
Net Pension Obligation - NDPERS	1,602,048
Net OPEB liability	<u>37,846</u>
Total Liabilities	<u>22,552,452</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions - NDTFFR	765,116
Deferred inflows of resources related to pensions - NDPERS	250,302
Deferred inflows of resources related to OPEB	<u>3,446</u>
Total Deferred Inflows of Resources	<u>1,018,864</u>
 NET POSITION	
Net investment in capital assets	5,396,197
Restricted for:	
Debt service	2,158,463
Capital projects	59,505
Other purposes	516,219
Unrestricted	<u>(4,004,434)</u>
Total Net Position	<u>4,125,950</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 27,697,266</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, 2021

<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	\$ 4,478,499	\$ 25,619	\$	\$ (4,452,880)
Federal	292,708		528,418	235,710
Special education	635,779			(635,779)
Vocational education	263,600		46,877	(216,723)
Support services				
Instructional support services	177,311			(177,311)
Administration services	460,565			(460,565)
Operation and maintenance of plant	538,543			(538,543)
Student transportation	480,457		140,952	(339,505)
Extracurricular activities	609,054	345,336		(263,718)
Food service	344,179	63,742	375,366	94,929
Interest on long-term debt	580,722		278,187	(302,535)
Total governmental activities	\$ 8,861,417	\$ 434,697	\$ 1,369,800	(7,056,920)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				2,420,809
Property taxes, levied for specific purposes				1,470,142
State aid not restricted to specific programs				4,040,699
Unrestricted investment earnings				6,349
Miscellaneous				98,033
Total general revenues and special items				8,036,032
Change in net position				979,112
Net position:				
Beginning of year				2,882,638
Restatement due to implementation of GASB 84				264,200
Beginning of the year, as restated				3,146,838
Net position - ending				\$ 4,125,950

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, 2021

	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES					
Cash and cash equivalents	\$ 1,955,773	\$ 53,236	\$ 2,105,332	\$ 581,684	\$ 4,696,025
Certificates of deposit over three months	500,000				500,000
Taxes receivable, net	102,806	6,269	53,131	3,761	165,967
Receivable from other governments	163,718				163,718
Prepaid deposits	130,049				130,049
Inventories				3,744	3,744
Total assets and deferred outflows of resources	\$ 2,852,346	\$ 59,505	\$ 2,158,463	\$ 589,189	\$ 5,659,503
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,204	\$	\$	\$	\$ 5,204
Accrued contracts and benefits	103,258				103,258
Total liabilities	108,462				108,462
Deferred inflows of resources:					
Unavailable revenue	78,463	4,759	40,367	2,855	126,444
Fund balances:					
Nonspendable				3,744	3,744
Assigned				497,375	497,375
Restricted		54,746	2,118,096	85,215	2,258,057
Unassigned	2,665,421				2,665,421
Total fund balances	2,665,421	54,746	2,118,096	586,334	5,424,597
Total liabilities, deferred inflows of resources and fund balances	\$ 2,852,346	\$ 59,505	\$ 2,158,463	\$ 589,189	\$ 5,659,503

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, 2021

Total fund balance, governmental funds	\$ 5,424,597
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.	19,927,830
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.	126,444
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	(37,846)
Deferred outflows of resources	16,372
Deferred inflows of resources	(3,446)
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 - NDPERS	(1,602,048)
Deferred outflows of resources - NDPERS	1,015,980
Deferred inflows of resources - NDPERS	(250,302)
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 - NDTFFR	(6,091,326)
Deferred outflows of resources - NDTFFR	1,077,581
Deferred inflows of resources - NDTFFR	(765,116)
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.	(14,712,770)
Net Assets of Governmental Activities in the Statement of Net Position	<u>\$ 4,125,950</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, 2021

	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local aid	\$ 2,568,467	\$ 148,998	\$ 1,224,571	\$ 483,773	\$ 4,425,809
State aid	4,228,528			672	4,229,200
Federal aid	528,418			374,694	903,112
Investment earnings	5,070	49	1,205	25	6,349
Miscellaneous	568		278,187		278,755
Total revenues	<u>7,331,051</u>	<u>149,047</u>	<u>1,503,963</u>	<u>859,164</u>	<u>9,843,225</u>
EXPENDITURES					
Current					
Instruction	3,612,500				3,612,500
Regular	466,494				466,494
Federal	633,159				633,159
Special education	259,124				259,124
Vocational education					
Support services	139,278				139,278
Instructional support services	459,337				459,337
Administration services	529,413				529,413
Operation and maintenance of plant	369,746				369,746
Student transportation	318,219			277,282	595,501
Extracurricular activities				344,179	344,179
Food service					
Debt service			827,463		827,463
Principal			583,842	120	583,962
Interest and other charges					208,845
Capital outlay	119,793	89,052	1,411,305	621,581	9,029,001
Total expenditures	<u>6,907,063</u>	<u>89,052</u>	<u>1,411,305</u>	<u>621,581</u>	
Excess of revenues over expenditures	423,988	59,995	92,658	237,583	814,224
OTHER FINANCING SOURCES					
Transfer in	63,227			144,010	207,237
Transfer out	(34,010)	(18,865)		(154,362)	(207,237)
Net change in fund balances	29,217	(18,865)		(10,352)	
Fund balances - beginning	453,205	41,130	92,658	227,231	814,224
Restatement due to implementation of GASB 84	2,212,216	13,616	2,025,438	94,903	4,346,173
Fund balances - ending	<u>\$ 2,665,421</u>	<u>\$ 54,746</u>	<u>\$ 2,118,096</u>	<u>\$ 586,334</u>	<u>\$ 5,424,597</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, 2021

Net change in fund balances - total governmental funds:	\$ 814,224
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 \$670,082 exceeded capital outlays of \$580,379 in the current period.	(89,703)
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.	(2,698)
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.	636,792
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.	3,495
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.	5,374
Some expenses reported in the statement of activities do not require the use of current financial resources, such as deferred pension and OPEB expense	(387,834)
Change in net assets of governmental activities	<u>\$ 979,112</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 Position
Fiduciary Funds
June 30, 2021**

	Private Purpose Trust Fund
ASSETS	
Cash and cash equivalents	\$ 135
Certificates of deposit over three months	654,785
Total Assets	<u>654,920</u>
 NET POSITION	
Reserved for scholarships	654,920
Total Net Position	<u>\$ 654,920</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, 2021

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Investment earnings:	
Interest	<u>\$ 11,273</u>
Total additions	<u>11,273</u>
DEDUCTIONS	
Transfers out	<u>17,334</u>
Total deductions	<u>17,334</u>
Change in net position	<u>(6,061)</u>
Net position - beginning	<u>660,981</u>
Net position - ending	<u><u>\$ 654,920</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, 2021

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, 2021

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.

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, 2021

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
- Student Activity Fund

Fiduciary Funds

The District reports the following fiduciary funds:

- Private-Purpose Trust Funds
- Scholarship 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 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, 2021

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, 2021

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, 2021, 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, 2021

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:

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

M. Equity Classifications - continued

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 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, 2021

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.

P. Prior Period Adjustments

Implementation of New Accounting Standard - GASB 84 - Fiduciary Activities

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49 adopted new accounting guidance, GASB Statement No 84, Fiduciary Activities during 2021. The result of implementing GASB 84 increased the beginning net position for the District and the beginning fund balance of the Nonmajor Funds by a total of \$264,200.

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, 2021.

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental Activities		
Cash and cash equivalents	\$ 4,696,025	\$ 5,395,220
Certificates of deposit over three months	500,000	500,000
Private-Purpose Trust Funds		
Cash and cash equivalents	135	135
Certificates of deposit over three months	654,785	654,785
	<u>\$ 5,850,945</u>	<u>\$ 6,550,140</u>

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

3. Receivable from Other Governments

Due from other governments consists of the following as of June 30, 2021:

Local	\$	56,555
State		46,877
Federal		60,286
	\$	<u>163,718</u>

4. Interfund Transfers

Transfers to/from other funds at June 30, 2021, consist of the following:

Transfer from general fund to school lunch for health insurance	\$	34,010
Transfer from special reserve to general fund for operations		44,362
Transfer from capital projects to general fund to close account		18,865
Transfer from school lunch to school activity to set up new account		110,000
	\$	<u>207,237</u>

6. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets Not Being Depreciated				
Land	\$ 43,598	\$	\$	\$ 43,598
Total Capital Assets Not Being Depreciated	<u>43,598</u>			<u>43,598</u>
Capital Assets Being Depreciated				
Buildings	21,267,170	58,067		21,325,237
Equipment	1,320,420	431,011		1,751,431
Vehicles	1,559,868	91,300		1,651,168
Total Capital Assets Being Depreciated	<u>24,147,458</u>	<u>580,378</u>		<u>24,727,836</u>
Total Capital Assets	<u>24,191,056</u>	<u>580,378</u>		<u>24,771,434</u>
Less Accumulated Depreciation for:				
Buildings	2,864,396	401,345		3,265,741
Equipment	803,513	162,147		965,660
Vehicles	505,613	106,590		612,203
Total Accumulated Depreciation	<u>4,173,522</u>	<u>670,082</u>		<u>4,843,604</u>
Net Capital Assets	<u>\$20,017,534</u>	<u>\$ (89,704)</u>	<u>\$</u>	<u>\$19,927,830</u>

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

6. Capital Assets - continued

Depreciation expense was charged to functions as follows:

Instruction	\$ 480,055
Special education	2,620
Vocational education	4,476
Instructional support	37,647
Administration	245
Operation and maintenance	20,775
Student transportation	110,711
Extracurricular activities	13,553
	<hr/>
	\$ 670,082

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, 2021, was as follows:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Amounts Due Within One Year
School building bonds, series 2012	\$ 515,000	\$	\$ 70,000	\$ 445,000	\$ 70,000
Discount	(9,232)		(1,497)	(7,735)	
State school construction loan	342,038		53,198	288,840	54,666
Discount	(10,343)		(1,748)	(8,595)	
GO school building bonds 16B	5,250,000		260,000	4,990,000	265,000
Premium	46,022		2,707	43,315	
State school construction loan	9,034,403		444,266	8,590,137	445,133
Lease purchase		255,189	64,518	190,671	62,832
Total	<hr/> 15,167,888	<hr/> 255,189	<hr/> 891,444	<hr/> 14,531,633	<hr/> 897,631

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

8. Long-Term Obligations - continued

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Amounts Due Within One Year
Net pension obligation - NDTFFR	5,735,548	355,778		6,091,326	
Net pension obligation - NDPERS	621,796	980,252		1,602,048	
Net OPEB liability	39,720		1,874	37,846	
	<u>6,397,064</u>	<u>1,336,030</u>	<u>1,874</u>	<u>7,731,220</u>	
Other Liabilities					
Vested compensated absences	<u>110,729</u>		<u>5,374</u>	<u>105,355</u>	
Total Long-Term Liabilities	<u>\$ 21,675,681</u>	<u>\$1,591,219</u>	<u>\$ 898,692</u>	<u>\$ 22,368,208</u>	<u>\$ 897,631</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.

\$255,189 lease purchase dated May 8, 2020, due in annual payments of \$65,042.42 including interest at 1.15% starting July 10, 2020 to July 10, 2023.

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

Year	Principal	Interest	Total
2022	\$ 897,631	\$ 300,324	\$ 1,197,955
2023	920,991	281,239	1,202,230
2024	934,679	262,963	1,197,642
2025	893,679	244,043	1,137,722
2026	990,819	218,516	1,209,335
2027-2031	4,434,318	883,134	5,317,452
2032-2036	4,534,318	364,575	4,898,893
2037	898,213	10,512	908,725
Totals	<u>\$ 14,504,648</u>	<u>\$ 2,565,306</u>	<u>\$ 17,069,954</u>

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

9. North Dakota Teachers' Fund for Retirement

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

NDTFFR 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. NDTFFR provides for pension, death and disability benefits. The cost to administer the NDTFFR plan is financed by investment income and contributions.

Responsibility for administration of the NDTFFR 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 NDTFFR 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. NDTFFR 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 NDTFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under NDTFFR 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. NDTFFR permits early retirement from ages 55 to 64, with benefits actuarially

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

9. North Dakota Teachers' Fund for Retirement - continued

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 NDTFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under NDTFFR 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. NDTFFR 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 NDTFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under NDTFFR 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 NDTFFR 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 NDTFFR 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 NDTFFR 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

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

9. North Dakota Teachers' Fund for Retirement - continued

must also pay into NDTFFR 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 70 ½. Refunded members forfeit all service credits under NDTFFR. 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 District reported a liability of \$6,091,326 for its proportionate share of the net pension liability. The net pension liability was measured as of July 01, 2020, 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 NDTFFR employers. At July 01, 2020, the District's proportion was .39799494 percent which was a decrease of .01845332 from its proportion measured as of July 1, 2019.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,256	\$ 228,595
Changes of assumptions	274,163	
Net difference between projected and actual earnings on pension plan investments	376,026	
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,508	536,521
District contributions subsequent to the measurement date	380,628	
Total	<u>\$ 1,077,581</u>	<u>\$ 765,116</u>

Deferred outflows of resources related to pensions in the amount of \$380,628 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, 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	\$ 245
2023	(26,809)
2024	14,186
2025	23,164
2026	(60,858)
Thereafter	(18,092)

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

9. North Dakota Teachers' Fund for Retirement - continued

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

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

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 disabled 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 NDTFFR.

As a result of the March 19, 2020, actuarial experience study, the NDTFFR 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 re-retirement mortality table was updated to the PubT-2010 Employee table projected with generational improvement using Scale MP-2019.

The NDTFFR 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 NDTFFR 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 resulting estimated impact of funded status and contribution rates.

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

9. North Dakota Teachers' Fund for Retirement - continued

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, 2020, 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%	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 District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 8,113,319	\$ 6,091,326	\$ 4,410,946

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NDTFFR financial report. NDTFFR's Comprehensive Annual Financial Report (CAFR) is located at 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.

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

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

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

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

Pension Benefits

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

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

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

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% 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 District reported a liability of \$1,602,048 for its proportionate share of the net pension liability. The net pension liability was measured as of July 01, 2020, 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, 2020, the District's proportion was .050923 percent which was a decrease of .002128 from its proportion measured as of July 1, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$287,830. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,234	\$ 81,177
Changes of assumptions	858,799	141,981
Net difference between projected and actual earnings on pension plan investments	51,706	

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

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

Changes in proportion and differences between employer contributions and proportionate share of contributions	48,783	27,144
District contributions subsequent to the measurement date	50,458	
Total	<u>\$ 1,015,980</u>	<u>\$ 250,302</u>

Deferred outflows of resources related to pensions in the amount of \$50,458 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:

2022	\$ 215,023
2023	190,682
2024	149,684
2025	159,831

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	2.5%
Salary increases	3.5% 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:

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%

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

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

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 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 (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
District's proportionate share of the net pension liability	\$ 2,078,538	\$ 1,602,048	\$ 1,212,164

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

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

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

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

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.

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

At June 30, 2021, The District reported a liability of \$37,846 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**Carrington, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2021****11. North Dakota Public Employees Retirement System Other Post-Employment Benefits (OPEB) - continued**

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, 2020, the District's proportion was .044991 percent, which was a decrease of .004462 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$553. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 841	\$ 907
Changes of assumptions	5,074	
Net difference between projected and actual earnings on OPEB plan investments	1,301	
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,462	2,539
District contributions subsequent to the measurement date	5,694	
Total	<u>\$ 16,372</u>	<u>\$ 3,446</u>

\$5,694 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, 2022.

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

Year ended June 30:

2022	\$1,524
2023	1,861
2024	1,799
2025	1,422
2026	532
2027 and thereafter	94

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	2.250%
Salary increases	Not applicable

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

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

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2019 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 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, 2021, 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 the net pension liability	\$ 49,636	\$ 37,846	\$ 27,876

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49

Carrington, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2021

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, 2021.

15. Governmental Activities Net Position

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2021, include the following:

Governmental Activities

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 19,927,830
Less related long-term debt outstanding	<u>14,531,633</u>
Net investment in capital assets	<u>5,396,197</u>

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2021

15. Governmental Activities Net Position - continued

Restricted	
Debt service	2,158,463
Capital projects	59,505
Other purposes	516,219
Total restricted	<u>2,734,187</u>
Unrestricted	<u>(4,004,434)</u>
Total Governmental Activities Net Position	<u>\$ 4,125,950</u>

16. Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at June 30, 2021, include the following:

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Special Reserve</u>	<u>School Lunch</u>	<u>School Activity</u>
Nonspendable Inventories	\$	\$	\$	\$	\$ 3,744	\$
Assigned School lunch					69,226	
Restricted		54,746	2,118,096	85,215		428,149
Unassigned	<u>2,665,421</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total	<u>\$2,665,421</u>	<u>\$ 54,746</u>	<u>\$2,118,096</u>	<u>\$ 85,215</u>	<u>\$ 72,970</u>	<u>\$ 428,149</u>

REQUIRED SUPPLEMENTARY INFORMATION

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49

Carrington, North Dakota

BUDGET AND ACTUAL (With Variances)

General Fund

Year ended June 30, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local aid	\$ 2,474,305	\$ 2,474,305	\$ 2,568,467	\$ 94,162
State aid	4,323,490	4,323,490	4,228,528	(94,962)
Federal aid	261,437	258,941	528,418	269,477
Investment earnings	10,000	10,000	5,070	(4,930)
Miscellaneous	1,000	1,000	568	(432)
Total revenues	7,070,232	7,067,736	7,331,051	263,315
EXPENDITURES				
Instruction				
Regular	3,859,835	3,893,505	3,612,500	281,005
Federal	213,967	214,192	466,494	(252,302)
Special education	644,712	644,712	633,159	11,553
Vocational education	343,668	269,998	259,124	10,874
Support services				
Instructional support services	145,614	145,614	139,278	6,336
Administrative services	458,488	458,488	459,337	(849)
Operation and maintenance of plant	614,177	614,177	529,413	84,764
Student transportation	451,231	429,291	369,746	59,545
Extracurricular activities	347,076	304,016	318,219	(14,203)
Capital outlay		105,000	119,793	(14,793)
Total expenditures	7,078,768	7,078,993	6,907,063	171,930
OTHER FINANCING SOURCES				
Transfer in	43,500	43,500	63,227	19,727
Transfer out	(34,964)	(34,964)	(34,010)	954
Net change in fund balances		(2,721)	453,205	455,926
Fund balances - beginning	2,212,216	2,212,216	2,212,216	
Fund balances - ending	\$ 2,212,216	\$ 2,209,495	\$ 2,665,421	\$ 455,926

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Budget and Actual Schedule (with Variances)
General Fund
Year Ended June 30, 2021

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*

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.050923%	0.053051%	0.050332%	0.043789%	0.042345%	0.046617%	0.050642%
Employer's proportionate share of the net pension liability	\$ 1,602,048	\$ 621,796	\$ 849,407	\$ 703,833	\$ 412,693	\$ 316,988	\$ 321,436
Employer's covered payroll	\$ 561,747	\$ 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	285.19%	112.68%	164.27%	157.45%	96.71%	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	48.91%	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*

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 39,776	\$ 40,176	\$ 38,084	\$ 32,414	\$ 30,895	\$ 31,545	\$ 34,304
Contributions in relation to the statutorily required contributions	\$ (39,351)	\$ (39,007)	\$ (35,278)	\$ (32,364)	\$ (29,771)	\$ (29,570)	\$ (34,304)
Contribution deficiency (excess)	\$ 425	\$ 1,169	\$ 2,806	\$ 50	\$ 1,124	\$ 1,975	\$
Employer's covered-employee payroll	\$ 561,747	\$ 551,822	\$ 517,074	\$ 447,015	\$ 426,736	\$ 415,304	\$ 426,604
Contributions as a percentage of covered-employee payroll	7.01%	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, 2021

North Dakota Public Employees Retirement System (Main System)

Changes of benefit terms.

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Changes of assumptions

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

- The investment return assumption was lowered from 7.50% to 7.00%
- 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.

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's proportion of the net OPEB liability	0.044991%	0.049453%	0.047255%	0.041320%
Employer's proportionate share of the net OPEB liability	\$ 37,846	\$ 39,720	\$ 37,217	\$ 32,685
Employer's covered- employee payroll	\$ 512,889	\$ 551,822	\$ 517,074	\$ 447,015
Employer's proportionate share of the net OPEB 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 OPEB liability	63.38%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 6,025	\$ 6,418	\$ 6,065	\$ 5,196
Contributions in relation to the statutorily required contributions	\$ (6,123)	\$ (6,245)	\$ (5,648)	\$ (5,182)
Contribution deficiency (excess)	\$ (98)	\$ 173	\$ 417	\$ 14
Employer's covered-employee payroll	\$ 512,889	\$ 551,822	\$ 517,074	\$ 447,015
Contributions as a percentage of covered-employee payroll	1.19%	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, 2021

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, 2019.

Changes of assumptions

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

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

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

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*

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.397995%	0.416448%	0.432322%	0.427494%	0.456141%	0.463644%	0.457261%
Employer's proportionate share of the net pension liability	\$ 6,091,326	\$ 5,735,548	\$ 5,762,241	\$ 5,871,735	\$ 6,682,731	\$ 6,063,792	\$ 4,791,285
Employer's covered payroll	\$ 2,904,013	\$ 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	209.76%	196.32%	196.06%	203.49%	225.49%	212.62%	180.64%
Plan fiduciary net position as a percentage of the total pension liability	63.40%	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*

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 380,628	\$ 370,262	\$ 372,491	\$ 374,718	\$ 377,867	\$ 363,599	\$ 285,126
Contributions in relation to the statutorily required contributions	\$ (380,628)	\$ (370,262)	\$ (372,491)	\$ (374,718)	\$ (377,867)	\$ (363,599)	\$ (285,126)
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$
Employer's covered-employee payroll	\$ 2,904,013	\$ 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	13.11%	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, 2021

ND Teachers' 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.

Amounts reported in 2016-2020 reflect the following actuarial assumption changes based on the results of an actuarial 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

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
SCHOOL DISTRICT OFFICIALS
June 30, 2021

Joel Lemer	President
Kevin Wolsky	Vice-President
Tonia Erickson	Director
Angela Kutz	Director
Randy Hooey	Director
Kristopher Kuehn	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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 5, 2022.

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
February 5, 2022

Schauer & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49's** major federal programs for the year ended June 30, 2021. **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49's** compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE - continued**

Opinion on Each Major Federal Program

In our opinion, **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.


Report on Internal Control over Compliance

Management of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49's** internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
February 5, 2022

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended June 30, 2021

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor/Pass-Through Grantor Program Grant Title</u>	<u>Federal CFDA #</u>	<u>Pass-through Grantor Numbers</u>	<u>Expenditures</u>
Carrington Public School District No. 49			
U.S. Department of Treasury			
Passed through State Department of Public Instruction			
COVID - Coronavirus Relief Fund**	21.019	F21019	\$ 301,694
Total U. S. Department of Treasury			<u>301,694</u>
U.S. Department of Agriculture			
Passed through State Department of Public Instruction			
National School Lunch - commodities***	10.555	F10555	27,907
Summer Food Service Program for Children	10.559	F10559	<u>329,298</u>
Total Child Nutrition Cluster			<u>357,205</u>
State Administrative Expenses for Child Nutrition	10.560	F10560	2,458
Fresh Fruit and Vegetable Program	10.582	F10582	<u>15,031</u>
Total U. S. Department of Agriculture			<u>374,694</u>
U.S. Department of Education			
Passed through State Department of Public Instruction			
Title I - Grants to Local Education Agencies	84.010	F84010	85,789
Supporting Effective Instruction State Grants	84.367	F84367	36,357
Student Support and Academic Enrichment Program	84.424	F84424A	9,749
COVID - Education Stabilization Fund under the Corona- virus Aid, Relief, and Economic Security Act**	84.425	F84425D	<u>72,805</u>
Total U. S. Department of Education			<u>204,700</u>
Total Expenditures of Federal Awards			<u>\$ 881,088</u>

** MAJOR PROGRAMS

*** NONCASH ASSISTANCE

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Jamestown, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended June 30, 2021

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Basis of Presentation/ Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49** under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**, it is not intended to and does not present the financial position or changes in net position of the **CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49**. Expenditures represent only the federally funded portions of the program. School district records should be consulted to determine amounts expended or matched from non-federal sources.

B. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are allowable or are limited as to reimbursement.

C. Non-Cash Awards

The amount of commodities reported on the schedule is the value of the supplemental food program distributed by the School District during the year as priced by the North Dakota Department of Public Instruction.

D. Indirect Cost Rate

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49 has not elected to use the 10-percent de minimis cost rate as allowed under Uniform Guidance.

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Jamestown, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended June 30, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

A. Summary of Auditors' Results

Financial Statements

Type of Auditors' Report - Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditors' report issued on compliance for major federal programs - Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes X No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID – Coronavirus Relief Fund
84.425	COVID – Education Stabilization Fund under the Corona-virus Aid, Relief, and Economic Security Act

Dollar threshold used to distinguish between type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended June 30, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued

**B. Findings Related to the Financial Statements which are Required to be Reported in Accordance
With *Government Auditing Standards***

Finding 2015-001 Significant Deficiency – Financial Statement Preparation

Condition

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

Criteria

An appropriate system of internal control requires that the District make a determination that financial statements and underlying general ledger accounts are properly stated in conformity with accounting principles generally accepted in the United States of America.

Cause

The School District's 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

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

Recommendation

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

View of Responsible Officials

We concur

C. Findings and Questioned Costs - Major Federal Award Programs Audit.

1. None

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
Carrington, North Dakota
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

Finding Number: 2015-001

Finding Title: Financial Statement Preparation

Summary of Condition: The Carrington Public School District No. 49 does not have an internal control system designed to provide for the preparation of financial statements being audited.

Summary of Corrective Action Previously Reported: The School Board is aware of this condition. The Board will continue to request that Schauer & Associates, P.C. assist with the preparation of financial statements but will instruct District administration to provide all requested schedules.

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
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KEVIN WOLSKY, VICE PRESIDENT
TONIA ERICKSON, DIRECTOR
RANDY HOOEY, DIRECTOR
ANGELA KUTZ, DIRECTOR
KIMARY EDLAND, BUSINESS MGR.



KRIS KUEHN, SUPERINTENDENT
CHRYSTOPHER BITZ, H.S. PRINCIPAL
JENNA HELSETH, E.S. PRINCIPAL

January 20, 2022

CORRECTIVE ACTION PLAN
Year Ended June 30, 2021

Finding Number: 2015-001

Finding Title: Financial Statement Preparation

Name of Contact person Responsible for Corrective Action

Kimary Edland, Business Manager

Corrective Action Planned: The School Board is aware of this condition. The Board will continue to request that Schauer & Associates, P.C. assist with the preparation of the financial statements but will instruct the District administration to provide all required schedules.

Anticipated Completion Date:

Not Applicable