

**DICKINSON PUBLIC SCHOOL DISTRICT
DICKINSON, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Dickinson Public School District
Dickinson, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Dickinson Public School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Dickinson Public School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Dickinson Public School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 14 to the financial statements, Dickinson Public School District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. As discussed in Note 14 to the financial statements, Dickinson Public School District has restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickinson Public School District's basic financial statements. The budgetary comparison schedules for the debt service fund and building fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are 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 are not a required part of the basic financial statements.

The budgetary comparison schedules for the debt service fund, building fund, and the schedule of expenditures of federal awards and related notes are the responsibility of management and were derived from and relate 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 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 budgetary comparison schedules for the debt service fund, building fund, and the schedule of expenditures of federal awards and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022 on our consideration of Dickinson Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Dickinson Public School District's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dickinson Public School District's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA**

March 1, 2022

DICKINSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

This Management's Discussion and Analysis (MD&A) of Dickinson Public School District No. 1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021, with comparative data for the fiscal year ended June 30, 2020.

The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes to the financial statements.

Financial Highlights

Key financial highlights for fiscal year 2020-2021 are as follows:

- Net position of the District decreased \$6,592,422 as a result of the current year's operations.
- Governmental net position totaled \$14,789,649.
- Total revenues from all sources were \$63,519,285 and total expenditures were \$78,473,112.
- The District's general fund had \$56,917,235 in total revenues and \$57,129,379 in expenditures resulting in a net change in fund balance of \$(212,144) for the year ended June 30, 2021 before any other financing sources or uses.
- The unassigned general fund balance was \$5,843,997 as of June 30, 2021. This balance represents 10.23% of total general fund expenditures for the year.

Using this Annual Report

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand Dickinson Public District 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. For governmental funds, 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.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks 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, deferred inflows and outflows, 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.

DICKINSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2021

The Statement of Net Position presents information on how the District's net position changed during the fiscal year. This statement is presented 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 related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused sick leave and vacation leave).

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. 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 the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting 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, Building fund, and Debt Service fund meet the criteria to be a major fund and the District has elected to also show the Food Service fund as a major fund for financial statement presentation purposes.

Financial Analysis of the District as a Whole

Table I provides a summary of the District's net position as of June 30, 2021, with comparative data for the fiscal year ended June 30, 2020.

As indicated in the financial highlights, the District's net position decreased by \$6,592,422 for the year ended June 30, 2021. The District's net position is segregated into four separate categories. Net investment in capital assets increased \$9,602,890. It should be noted that this net position amount is not available for future spending. It is the remaining undepreciated value of the District's capital assets, less any related debt that remains outstanding that was used to construct or acquire the capital assets. Restricted net position decreased \$5,769,800. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted net position decreased \$9,831,328. The unrestricted net position is available to meet the District's ongoing obligations.

DICKINSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2021

Table I
Net Position

	6/30/21	6/30/20
ASSETS		
Current assets	\$ 23,786,185	\$ 33,292,849
Capital assets (net of accumulated depreciation)	98,823,490	94,475,239
Total assets	122,609,675	127,768,088
DEFERRED OUTFLOWS OF RESOURCES	25,958,236	15,022,138
LIABILITIES		
Current liabilities	6,271,764	9,086,444
Compensated absences	183,673	156,542
Net pension liability	69,565,085	52,172,585
Net OPEB liability	538,296	548,456
Bonds payable	51,476,733	54,122,646
Total liabilities	128,035,551	116,086,673
DEFERRED INFLOWS OF RESOURCES	5,857,851	5,915,666
NET POSITION		
Net investment in capital assets	44,334,766	34,731,876
Restricted for capital projects, debt service, and student activities	13,316,151	19,085,951
Unrestricted	(42,976,408)	(33,029,940)
TOTAL NET POSITION	\$ 14,674,509	\$ 20,787,887

DICKINSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2021

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

Table II
Changes in Net Position

	<u>2020-2021</u>	<u>2019-2020</u>
REVENUES		
Program revenues		
Charges for services	\$ 1,508,062	\$ 1,690,074
Operating grants and contributions	8,726,014	4,471,982
General revenues		
Property taxes	17,404,968	18,213,319
State aid - unrestricted	35,125,241	35,001,327
Interest earnings and miscellaneous revenue	253,550	790,038
Total revenues	<u>63,017,835</u>	<u>60,166,740</u>
EXPENSES		
Regular instruction	31,280,546	29,572,376
Special education	9,499,494	8,531,356
Career and technical education	1,767,131	1,852,890
District wide services	10,446,999	5,820,196
School food services	1,913,998	1,878,386
Operations and maintenance	5,350,052	4,241,434
Student transportation	1,485,331	2,125,474
Co-curricular activities	1,772,333	1,038,090
Other	1,662,426	1,333,925
Depreciation - unallocated	2,801,087	2,555,012
Debt service	1,746,000	1,616,047
Total expenses	<u>69,725,397</u>	<u>60,565,186</u>
Change in net position	(6,707,562)	(398,446)
Total net position, beginning of year	<u>20,787,887</u>	<u>21,186,333</u>
GASB 84 Adjustment	<u>594,184</u>	<u>-</u>
Total net position, beginning of year, as restated	<u>21,382,071</u>	<u>21,186,333</u>
Net position - ending	<u>\$ 14,674,509</u>	<u>\$ 20,787,887</u>

Unrestricted state aid constituted 56%, property taxes, charges for services and investment income 30%, and operating grants 14% of the of the total revenues of governmental activities of the District for fiscal year 2021.

Regular instruction comprised 45%, special education 14%, and operations and maintenance 8% of total expenditures for governmental activities for fiscal year 2021.

DICKINSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2021

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 these services supported by tax revenue and other unrestricted revenues.

Table III
Total and Net Cost of Services

	Year Ended 6/30/21		Year Ended 6/30/20	
	Total Cost	Net Cost	Total Cost	Net Cost
Regular instruction	\$ 31,280,546	\$ 26,523,579	\$29,572,376	\$28,351,601
Special education	9,499,494	8,101,339	8,531,356	7,282,453
Career and technical education	1,767,131	1,402,589	1,852,890	1,504,013
District wide services	10,446,999	9,629,529	5,820,196	5,801,987
School food services	1,913,998	363,009	1,878,386	195,779
Operations and maintenance	5,350,052	5,350,052	4,241,434	4,241,434
Student transportation	1,485,331	1,079,157	2,125,474	1,582,473
Co-curricular activities	1,772,333	1,772,333	1,038,090	1,038,090
Other	1,662,426	722,647	1,333,925	234,241
Depreciation - unallocated	2,801,087	2,801,087	2,555,012	2,555,012
Debt service	1,746,000	1,746,000	1,616,047	1,616,047
	<u>\$ 69,725,397</u>	<u>\$ 59,491,321</u>	<u>\$ 60,565,186</u>	<u>\$ 54,403,130</u>
Total expenses	<u>\$ 69,725,397</u>	<u>\$ 59,491,321</u>	<u>\$ 60,565,186</u>	<u>\$ 54,403,130</u>

Financial Analysis of the District's Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally may be used as a measure of the District's net resources available for spending at the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. As noted in the financial highlights, the District's general fund had \$56,917,235 in total revenues and other financing sources and \$57,129,379 in expenditures resulting in a net decrease in fund balance of \$212,414 for the year ended June 30, 2021 before any other financing sources or uses.

General Fund Budgeting Highlights

The District had budgeted for a \$1,775,460 net increase to the general fund's fund balance for the year ended June 30, 2021, and actual amounts resulted in a net decrease to the general fund's fund balance of \$162,729 before transfers. Actual revenues were \$714,916 lower than the final budget and actual expenditures were higher than the final budget by \$1,223,273. The variance in budget to actual was due to the addition of Federal COVID-19 expenditures after the final budget that had been approved. The actual revenues were less than budgeted due to the pandemic not allowing for travel and other opportunities that had been budgeted for and did not take place during the year.

DICKINSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2021

Capital Assets

As of June 30, 2021, the District had \$98,823,490 invested in capital assets, net of accumulated depreciation. Table IV shows balances as of June 30, 2021 and 2020:

Table IV
CAPITAL ASSETS
(Net of Accumulated Depreciation)

	6/30/21	6/30/20
CAPITAL ASSETS		
Land	\$ 3,195,419	\$3,195,419
Buildings and improvements	92,081,299	85,044,108
Furniture and equipment	3,546,772	3,424,894
Construction in progress	-	2,810,818
	\$ 98,823,490	\$ 94,475,239

For a detailed breakdown of the additions and deletions to each class of capital assets, readers are referred to Note 4 of the financial statements. The overall net increase in capital assets year over year was a result of various school renovations which were on-going throughout the fiscal year.

Debt Administration

As of June 30, 2021, the District had \$54,488,724 in bonds payable. This is a decrease of \$2,505,099 compared to the prior year total of \$56,993,823. Principal payments of \$3,011,991 are due during the 2021-2022 fiscal year on long-term debt. The District issued \$8,525,000 General Obligation School Building Refunding Bonds on April 1, 2021. The bonds were issued to advance refund the \$9,865,000 General Obligation School Building Bonds of 2014. The transaction resulted in an economic gain of \$377,492 and a reduction of \$419,209 in future debt service payments. See note 5 for additional information on debt.

For the Future

The Dickinson Public School District has seen a past increase in taxable valuation of 1.4% from \$154,003,073 for fiscal year 2020 to \$156,197,939 for fiscal year 2021. The District expects the taxable valuation to remain the same for fiscal year 2022, with no major increase or decrease expected.

After steady growth for the last ten years, the District has seen a decrease in student enrollment for fiscal year 2021 compared to fiscal year 2020. The District estimates that this decrease is due to COVID-19 and a projected reduction in oil production. The District expects to see a drop in enrollment for fiscal year 2022. When the area oil production decreases, so does registration. Certain state and federal financial aid payments are based on average daily membership numbers, meaning the District expects to see a decrease of \$3.5 million in state funding and \$250,000 or more in federal funding due to the anticipated decrease of 280 students for fiscal year 2022.

DICKINSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
JUNE 30, 2021

The District expects to receive additional COVID-19 federal government grant funds and plans to continue to build up their available reserves and offset any deficiencies until 2024 when the deadline to utilize the funds is reached.

The District has received board approval to continue online learning and has approved two online schools, pending legislation's approval, in fiscal year 2022.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Dickinson Public District No. 1'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 the Dickinson School District. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to please contact Stephanie Hunter, Business Manager, Dickinson Public Schools, 444 4th St W, 58601; phone 701-456-0002, fax 701-456-0035, or email shunter@dpsnd.org

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Current assets	
Cash	\$ 19,120,194
Grants receivable	3,295,821
Taxes receivable	1,081,526
Due from county treasurer	283,269
Inventory	<u>5,375</u>
Total current assets	<u>23,786,185</u>
Capital assets	
Non-depreciable	
Land	3,195,419
Depreciable, net of accumulated depreciation	
Buildings and improvements	92,081,299
Furniture and equipment	<u>3,546,772</u>
Total capital assets, net of depreciation	<u>98,823,490</u>
TOTAL ASSETS	<u>122,609,675</u>
DEFERRED OUTFLOWS OF RESOURCES	
Cost sharing defined benefit - pension	25,699,644
Cost sharing defined benefit - OPEB	<u>258,592</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>25,958,236</u>
LIABILITIES	
Current liabilities	
Accounts payable	597,140
Benefits payable	423,225
Unearned revenue	1,690,994
Interest payable	548,414
Long-term liabilities due within one year	
Compensated absences payable	183,673
Bonds payable	<u>3,011,991</u>
Total current liabilities	<u>6,455,437</u>
Long-term liabilities	
Long-term liabilities due after one year	
Net pension liability	69,565,085
Net OPEB liability	538,296
Bonds payable	<u>51,476,733</u>
Total long-term liabilities	<u>121,580,114</u>
TOTAL LIABILITIES	<u>128,035,551</u>
DEFERRED INFLOWS OF RESOURCES	
Cost sharing defined benefit - pension	5,810,345
Cost sharing defined benefit - OPEB	<u>47,506</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,857,851</u>
NET POSITION	
Net investment in capital assets	44,334,766
Restricted:	
Capital projects	8,464,191
Debt service	4,240,859
Student activities	611,101
Unrestricted	<u>(42,976,408)</u>
TOTAL NET POSITION	<u><u>\$ 14,674,509</u></u>

See Notes to the Financial Statements

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Regular instruction	\$ 31,280,546	\$ 7,028	\$ 4,749,939	\$ (26,523,579)
Special education	9,499,494	130,189	1,267,966	(8,101,339)
Career and technical education	1,767,131	43,043	321,499	(1,402,589)
District wide services	10,446,999	817,470	-	(9,629,529)
School food services	1,913,998	53,576	1,497,413	(363,009)
Operations and maintenance	5,350,052	-	-	(5,350,052)
Transportation	1,485,331	80,697	325,477	(1,079,157)
Co-curricular activities	1,772,333	-	-	(1,772,333)
Community service programs	1,662,426	376,059	563,720	(722,647)
Depreciation - unallocated	2,801,087	-	-	(2,801,087)
Interest - unallocated	1,268,600	-	-	(1,268,600)
Bond service charges and costs	477,400	-	-	(477,400)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 69,725,397	\$ 1,508,062	\$ 8,726,014	(59,491,321)
GENERAL REVENUES				
Taxes				
				12,101,282
				1,754,368
				3,549,318
				35,125,241
				82,998
				170,552
TOTAL GENERAL REVENUES				52,783,759
Change in net position				(6,707,562)
Total net position, beginning of year, as originally stated				20,787,887
GASB 84 adjustment (see note 14)				594,184
Total net position, beginning of year, restated				21,382,071
Net position - ending				\$ 14,674,509

See Notes to the Financial Statements

DICKINSON PUBLIC SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Building Fund	Debt Service Fund	Food Service Fund	Total Governmental Funds
ASSETS					
Cash	\$ 3,364,142	\$ 8,225,874	\$ 4,561,065	\$ 23,575	\$ 16,174,656
Grants receivable	3,295,821	-	-	-	3,295,821
Taxes receivable	679,910	213,848	187,768	-	1,081,526
Due from county treasurer	218,360	24,469	40,440	-	283,269
Inventory	-	-	-	5,375	5,375
TOTAL ASSETS	<u>\$ 7,558,233</u>	<u>\$ 8,464,191</u>	<u>\$ 4,789,273</u>	<u>\$ 28,950</u>	<u>\$ 20,840,647</u>
LIABILITIES					
Benefits payable	\$ 423,225	\$ -	\$ -	\$ -	\$ 423,225
Unearned revenue	-	-	-	154,611	154,611
TOTAL LIABILITIES	<u>423,225</u>	<u>-</u>	<u>-</u>	<u>154,611</u>	<u>577,836</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent taxes	679,910	83,967	187,768	-	951,645
FUND BALANCES					
Nonspendable	-	-	-	5,375	5,375
Restricted	611,101	8,380,224	4,601,505	-	13,592,830
Unassigned	5,843,997	-	-	(131,036)	5,712,961
TOTAL FUND BALANCES	<u>6,455,098</u>	<u>8,380,224</u>	<u>4,601,505</u>	<u>(125,661)</u>	<u>19,311,166</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7,558,233</u>	<u>\$ 8,464,191</u>	<u>\$ 4,789,273</u>	<u>\$ 28,950</u>	<u>\$ 20,840,647</u>

See Notes to the Financial Statements

DICKINSON PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balances - governmental funds		\$ 19,311,166
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of capital assets	121,531,535	
Less accumulated depreciation	<u>(22,708,045)</u>	
Net capital assets		98,823,490
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		
		951,645
Deferred outflows relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and therefore are not reported in the governmental funds.		
		25,958,236
Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current statement of net position.		
Balances at June 30, 2021 are:		
Net pension liability	(69,565,085)	
Net OPEB liability	(538,296)	
Bonds payable	(54,488,724)	
Interest payable	(548,414)	
Compensated absences payable	<u>(183,673)</u>	
Total long-term liabilities		(125,324,192)
Deferred inflows relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and therefore are not reported in the governmental funds.		
		(5,857,851)
Internal service funds are used by the school to charge the costs of health insurance to departments. The assets and liabilities of internal service fund are included in the governmental activities in the statement of net position.		
		<u>812,015</u>
Total net position of governmental activities		<u><u>\$ 14,674,509</u></u>

See Notes to the Financial Statements

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Building Fund	Debt Service Fund	Food Service Fund	Total Governmental Funds
REVENUES					
Local sources	\$ 14,465,964	\$ 1,689,511	\$ 3,361,550	\$ 53,576	\$ 19,570,601
State sources	36,002,945	-	-	-	36,002,945
Federal sources	6,448,326	-	-	1,497,413	7,945,739
TOTAL REVENUES	<u>56,917,235</u>	<u>1,689,511</u>	<u>3,361,550</u>	<u>1,550,989</u>	<u>63,519,285</u>
EXPENDITURES					
Current:					
Regular instruction	28,665,267	-	-	-	28,665,267
Special education	9,527,115	-	-	-	9,527,115
Career and technical education	1,770,373	-	-	-	1,770,373
District wide services	6,737,165	-	-	-	6,737,165
School food services	4,023	-	-	1,913,067	1,917,090
Operations and maintenance	5,157,908	199,134	-	-	5,357,042
Transportation	1,485,333	-	-	-	1,485,333
Co-curricular activities	1,772,724	-	-	-	1,772,724
Community service programs	1,665,098	-	-	-	1,665,098
Debt Service:					
Principal	-	-	2,797,986	-	2,797,986
Interest	-	-	1,576,180	-	1,576,180
Service charges	-	-	2,400	-	2,400
Capital outlay	344,373	6,804,966	-	-	7,149,339
TOTAL EXPENDITURES	<u>57,129,379</u>	<u>7,004,100</u>	<u>4,376,566</u>	<u>1,913,067</u>	<u>70,423,112</u>
Excess (deficiency) of revenues over expenditures	<u>(212,144)</u>	<u>(5,314,589)</u>	<u>(1,015,016)</u>	<u>(362,078)</u>	<u>(6,903,827)</u>
OTHER FINANCING SOURCES (USES)					
Bond refinance	-	-	(8,050,000)	-	(8,050,000)
Issuance of refunding bonds	-	-	8,525,000	-	8,525,000
Defeasance of long-term debt	-	-	(475,000)	-	(475,000)
Transfers in	-	-	-	50,609	50,609
Transfers out	(50,609)	-	-	-	(50,609)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,609)</u>	<u>-</u>	<u>-</u>	<u>50,609</u>	<u>-</u>
Net change in fund balances	(262,753)	(5,314,589)	(1,015,016)	(311,469)	(6,903,827)
Fund balances - beginning of year, as previously reported	6,123,667	13,694,813	5,616,521	185,808	25,620,809
GASB 84 adjustment - see note 14	594,184	-	-	-	594,184
Fund balances - beginning of year, restated	<u>6,717,851</u>	<u>13,694,813</u>	<u>5,616,521</u>	<u>185,808</u>	<u>26,214,993</u>
Fund balances - ending	<u>\$ 6,455,098</u>	<u>\$ 8,380,224</u>	<u>\$ 4,601,505</u>	<u>\$ (125,661)</u>	<u>\$ 19,311,166</u>

See Notes to the Financial Statements

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

Net change in fund balances - total governmental funds		\$ (6,903,827)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets with a cost greater than \$5,000 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.		
Capital asset additions	7,149,339	
Current year depreciation expense	<u>(2,801,087)</u>	4,348,252
Repayment of debt principal is an expenditure in the governmental fund, but repayment reduces long-term liabilities in the Statement of Net Position		10,847,986
Government funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability.		(8,525,000)
Repayment of bond premium payable is not recognized in the governmental funds, but reduces interest expense in the Statement of Activities.		182,113
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net change in compensated absences	(27,131)	
Net change in interest payable	125,467	
Net change in OPEB liability	10,160	
Net change in net pension liability	<u>(17,392,500)</u>	(17,284,004)
Changes in deferred inflows and outflows relating to net pension liability		11,031,951
Changes in deferred inflows and outflows relating to net OPEB liability		(38,038)
Some revenues reported on the Statement of Activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the net increase in taxes receivable.		(501,451)
Internal service funds are used by the school to charge the costs of health insurance to departments. The net revenue of activities of the internal service fund is reported with governmental activities.		<u>134,456</u>
Change in net position of governmental activities		<u><u>\$ (6,707,562)</u></u>

See Notes to the Financial Statements

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2021

	<u>Internal Service Fund Self-Funded Health Insurance</u>
ASSETS	
Current assets	
Cash	\$ 2,945,538
Total current assets	<u>2,945,538</u>
LIABILITIES	
Current liabilities	
Premiums and claims payable	115,140
Incurred but not reported claims	482,000
Unearned health insurance premiums	<u>1,536,383</u>
Total current liabilities	<u>2,133,523</u>
NET POSITION	
Unrestricted	<u>\$ 812,015</u>

See Notes to the Financial Statements

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Internal Service Fund Self-Funded Health Insurance
Operating revenues	
Contributions to self-insurance district	\$ 6,542,205
Contributions to self-insurance cobra	49,524
Rebates	167,497
Total operating revenues	6,759,226
Operating expenses	
Health insurance claims	5,607,009
Stop loss premiums	897,551
Administrative fees	128,500
Total operating expenses	6,633,060
Operating income	126,166
Non-operating revenues	
Royalties	8,290
Change in net position	134,456
Total net position - beginning of year	677,559
Total net position - end of year	\$ 812,015

See Notes to the Financial Statements

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
JUNE 30, 2021

	Internal Service Fund Self-Funded Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES	
Premiums received	\$ 6,766,041
Rebates received	167,497
Payments for health insurance claims and related activities	<u>(6,513,920)</u>
Net cash provided (used) by operating activities	<u>419,618</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Royalties received	<u>8,290</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	427,908
CASH AND CASH EQUIVALENTS - BEGINNING	<u>2,517,630</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 2,945,538</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 126,166
Effect on cash flows due to changes in assets and liabilities:	
Accounts payable	115,140
Incurred but not reported claims	4,000
Unearned health insurance premiums	<u>174,312</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 419,618</u></u>

See Notes to the Financial Statements

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

The Dickinson Public School District (District) operates the public schools in the city of Dickinson, North Dakota. There are six elementary schools, one middle school, two high schools, an early childhood center, and an adult learning center.

Reporting Entity – The accompanying financial statements present the activities of the Dickinson Public School District. The District has considered all potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationships with the District such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Dickinson Public School District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on Dickinson Public School District.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

The government-wide financial statements do not include fiduciary funds.

Fund Financial Statements:

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

Fund accounting – The District’s funds consist of the following:

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

General fund – This fund is the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund, which includes financial transactions related to the District’s student activity programs.

Building fund – This fund accounts for the financial resources related to the capital outlays made by the District.

Debt service fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Food service fund – This fund accounts for the financial resources associated with the District’s hot lunch program. The food service fund did not qualify as a major fund, but as it is the only non-major fund, management has elected to show it as a major fund.

Student activity fund - The fund accounts for the financial transactions related to the District’s student activity programs. It is included in reporting with the General Fund.

Proprietary Funds – The reporting focus of proprietary funds is on the determination of net income, financial position and changes in financial position (economic resources). These funds are used to account for activities which are similar to those found in the private sector. The funds are maintained on the accrual basis of accounting.

Internal Service – The reporting focus of internal service funds is on services provided by one fund of the District to another fund on a cost reimbursement basis. The District’s only internal service fund consists of the following:

Self-funded health insurance fund – The fund accounts for the financial transactions related to the District’s self-funded health insurance plan.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

Measurement Focus and Basis of Accounting

Measurement Focus

Government-wide Financial Statements:

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

Fund Financial Statements:

The governmental funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, only current assets, current liabilities, and current deferred inflows/outflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources and uses of current financial resources.

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

Basis of Accounting

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

Government-wide financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The District's internal service fund also uses the accrual basis of accounting. The District's governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are generally recorded as the related fund liability is incurred.

Cash and Cash Equivalents

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

Grants Receivable

Grants receivable consists of reimbursements due for expenses incurred in the operation of various school programs which are grant funded. This amount consists of a mix of federal and state dollars.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

Due from County Treasurer

The amount due from county treasurer consists of the cash on hand for taxes collected but not remitted to the District at June 30.

Inventories

Inventories are valued using the weighted-average method and consist of supplies for the food service fund. The cost of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Reported inventories are equally offset by a nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets

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

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

Buildings and improvements	15-50 Years
Furniture and equipment	7-25 Years

Compensated Absences

Vested or accumulated vacation leave is reported in government-wide statement of net position. Compensation for unused vacation leave will be granted to all twelve-month, full-time employees who work at least twenty hours per week upon termination with the District. Twelve-month, full-time employees may carry forward unused vacation. All accrued vacation time must be used within twenty-four months after the year in which the time is earned.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bond. Issuance costs are reported as expenditures in the year the bond is issued.

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

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consists of the remaining un-depreciated cost of the asset less the outstanding debt and payables related to construction of capital assets associated with the purchase or construction of the related asset.

Net position is reported as restricted when external creditors, grantors, or other governmental organizations imposed specific restrictions on the District. External restrictions may be imposed through state or local laws, and grant or contract provisions.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items reported on the statement of net position as deferred pension outflows, one which represents the actuarial differences within the NDPERS and TFFR pension plans, and another that represents the actuarial differences within the NDPERS OPEB liability. See notes 8, 9 and 10 for further details.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items which qualify for reporting in this category. One of the items, unavailable revenue – delinquent taxes, is reported only in the governmental funds balance sheet. This amount, which is from delinquent property taxes, is deferred and recognized as an inflow of resources in the period that the amount becomes available. The other item is reported on the statement of net position as deferred pension inflows, which represents the actuarial differences within the NDPERS and TFFR pension plans as well as amounts paid to the plan after the measurement date. The last item is reported on the statement of net position as deferred OPEB inflows, which represents the actuarial differences within the NDPERS OPEB liability. See notes 8, 9 and 10 for further details.

Delinquent Taxes

Receivables, such as taxes receivable, may be measurable but not available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported delinquent taxes are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Fund Balance Classifications

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - inventories; or (b) legally or contractually required to be maintained intact.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the school board-the District’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the school board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The school board and superintendent have the authority to assign amounts to be used for specific purposes.

Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the District’s preference is to first use restricted resources, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursement to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers. In the government-wide financial statements, interfund transactions have been eliminated.

Pensions

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

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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.

Estimates

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

As discussed in note 7, the District has established a self-funded health insurance plan. Because of the inherent uncertainties associated with estimating the accrued liability for claims, it is at least reasonably possible that the estimate used will change within the near term.

Revenues - Exchange and Non-Exchange Transactions

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

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

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

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

Revenue Recognition - Property Taxes

As of June 30, 2021, taxes receivable consists of current and delinquent uncollected taxes for the past five years. Property taxes attach as an enforceable lien on property January 1. A five percent reduction is allowed if paid by February 15. Penalty and interest are added March 15 if the first half of the taxes has not been paid. Additional penalties are added October 15, if not paid. Taxes are collected by the county and usually remitted monthly to the District.

Property tax revenue in the governmental funds is recognized in compliance with National Council of Government Accounting (NCGA) Interpretation 3, "Revenue Recognition – Property Taxes". This interpretation states that property tax revenue is recorded when it becomes available. Available means when due, or past due and receivable within the current period and collected

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property tax revenue is recorded as revenue in the year the tax is levied in the government – wide financial statements. Property taxes are limited by state laws. All district tax levies are in compliance with state laws.

Revenue Recognition - Proprietary Fund

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund’s principal ongoing operations. The principal operating revenue of the District’s internal service fund is charges to other funds for health insurance premiums. Operating expenses for the internal service fund include the cost of claims and related administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense.

NOTE 3 DEPOSITS AND INVESTMENTS

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

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

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

Custodial Credit Risk

At year end June 30, 2021, the District’s carrying amount of cash and cash equivalents was as follows:

Governmental funds	\$ 16,174,656
Internal service fund	<u>2,945,538</u>
Total cash and cash equivalents	<u><u>\$ 19,120,194</u></u>

The bank balance of these deposits that was subject to custodial credit risk as of June 30, 2021 was \$19,652,680. The difference results from checks outstanding or deposits not yet processed.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

There are no amounts subject to custodial credit risk. As of June 30, 2021, all of the District's deposits were covered by either FDIC insurance or pledged securities held in the District's name.

Credit Risk and Interest Rate Risk

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

- a. Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
- b. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- c. Certificates of Deposit fully insured by the federal deposit insurance corporation.
- d. Obligations of the state.
- e. Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

The District has no interest rate risk or credit risk of debt securities.

NOTE 4 CAPITAL ASSETS

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 3,195,419	\$ -	\$ -	\$ 3,195,419
Construction in progress	2,810,818	223,053	(3,033,871)	-
Total capital assets, not depreciated	<u>6,006,237</u>	<u>223,053</u>	<u>(3,033,871)</u>	<u>3,195,419</u>
Capital assets, being depreciated				
Buildings	100,554,432	9,196,094	-	109,750,526
Furniture and equipment	7,821,528	764,062	-	8,585,590
Total capital assets, being depreciated	<u>108,375,960</u>	<u>9,960,156</u>	<u>-</u>	<u>118,336,116</u>
Less accumulated depreciation for				
Buildings	15,510,324	2,158,902	-	17,669,226
Furniture and equipment	4,396,634	642,185	-	5,038,819
Total accumulated depreciation	<u>19,906,958</u>	<u>2,801,087</u>	<u>-</u>	<u>22,708,045</u>
Total capital assets being depreciated, net	<u>88,469,002</u>	<u>7,159,069</u>	<u>-</u>	<u>95,628,071</u>
Governmental activities capital assets, net	<u>\$ 94,475,239</u>	<u>\$ 7,382,122</u>	<u>\$ (3,033,871)</u>	<u>\$ 98,823,490</u>

Depreciation expense was not allocated to any functions/programs of the District on the Statement of Activities.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 5 LONG-TERM DEBT

Changes in Long-Term Liabilities

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Compensated absences ¹	\$ 156,542	\$ 27,131	\$ -	\$ 183,673	\$ 183,673
Net pension liability ²	52,172,585	29,277,773	(11,885,273)	69,565,085	-
Net OPEB liability ³	548,456	157,935	(168,095)	538,296	-
Bonds payable	55,841,957	8,525,000	(10,847,986)	53,518,971	2,945,650
Bond premium	1,151,866	-	(182,113)	969,753	66,341
Total	\$ 109,871,406	\$ 37,987,839	\$ (23,083,467)	\$ 124,775,778	\$ 3,195,664

¹ The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reduction. The general fund is primarily used to liquidate compensated absences.

² See Notes 8 and 9 for more information on the net pension liability. The general fund would liquidate any liability owed.

³ See Note 10 for more information on the net OPEB liability. The general fund would liquidate any liability owed.

Debt Service Requirements

Annual requirements on long-term debt at June 30, 2021 are as follows:

Year Ending June 30	Bonds Payable	
	Principal	Interest
2022	\$ 2,945,650	\$ 1,380,233
2023	3,040,680	1,337,242
2024	3,126,724	1,273,040
2025	3,213,833	1,206,255
2026	3,342,774	1,298,262
2027-2031	17,538,581	5,247,492
2032-2036	20,310,729	1,945,944
Premium	969,753	(969,753)
Totals	\$ 54,488,724	\$ 12,718,715

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

Debt Outstanding

The obligations under bonds payable are as follows:

Bonds Payable	Outstanding 6/30/21
\$25,000,000 General Obligation School Building Bonds of 2015, due in annual installments of \$835,000 to \$1,770,000 through August 1, 2035, interest at 3.0% to 4.0%. Payments are to be made from the Debt Service Fund. Includes premium of \$575,523.	\$ 21,030,523
\$20,135,000 General Obligation School Building Bonds of 2016, due in annual installments of \$850,000 to \$1,485,000 through August 1, 2035, interest at 2.0% to 3.0%. Payments are to be made from the Debt Service Fund. Includes premium of \$410,082.	16,395,081
\$10,000,000 General Obligation School Building Bonds of 2016B, due in annual installments of \$63,706 to \$399,096 through April 1, 2036. Interest at 2.0% until July 1, 2025 under the BND School Construction Loan program, with a negotiated interest rate to maturity after. Payments are to be made from the Debt Service Fund.	8,553,972
\$8,525,000 General Obligation School Building Refunding Bond of 2021, due in annual installments of \$430,000 to \$825,000 through August 1, 2034. Interest at 0.20% to 2.05%. Payments are to be made from the Debt Service Fund. Includes discount of \$15,852.	8,509,148
Total Bonds Payable	\$ 54,488,724

Bond Refunding

The District issued \$8,525,000 General Obligation School Building Refunding Bond on April 1, 2021. The bonds were issued to advance refund the \$9,865,000 General Obligation School Building Bonds of 2014. The transaction resulted in an economic gain of \$377,492 and a reduction of \$419,209 in future debt service payments.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 6 FUND BALANCES

At June 30, 2021, a summary of the governmental fund balance classifications are as follows:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Non-spendable:					
Inventories	\$ -	\$ -	\$ -	\$ 5,375	\$ 5,375
Restricted:					
Building	-	8,380,224	-	-	8,380,224
Debt Service	-	-	4,601,505	-	4,601,505
Student Activities	611,101	-	-	-	611,101
Assigned:					
Food Service	-	-	-	-	-
Unassigned	5,843,997	-	-	(131,036)	5,712,961
	<u>\$ 6,455,098</u>	<u>\$ 8,380,224</u>	<u>\$ 4,601,505</u>	<u>\$ (125,661)</u>	<u>\$ 19,311,166</u>

NOTE 7 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The District pays an annual premium to NDRIF for its general liability and automobile insurance coverage. The coverage by NDRIF is limited to losses on two million dollars per occurrence for general liability and automobile.

The District also participates in the North Dakota Fire and Tornado Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of two million dollars per occurrence during a 12-month period.

The District has workers compensation with the North Dakota Workforce Safety and Insurance.

The District has retained risk for employee health and dental insurance up to a maximum of \$125,000 per year per individual. They have purchased a stop loss policy for amounts in excess of 120% of expected claims.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

Claims, which have been incurred at year-end but not reported, have been recorded as a claim reserve payable in the amount of \$482,000 for 2021. Blue Cross Blue Shield, the plan administrator, has calculated this reserve requirement. Changes in the claim reserve payable during the year were as follows:

Balance, July 1, 2020	\$ 478,000
Incurred claims including incurred but not reported	6,633,061
Less: claims paid	<u>(6,629,061)</u>
Balance, June 30, 2021	<u>\$ 482,000</u>

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

NOTE 8 NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

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

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

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

Pension Benefits

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

Tier 1 Grandfathered

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

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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

Tier 1 Non-grandfathered

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

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

Tier 2

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

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

Death and Disability Benefits

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

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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

Member and Employer Contributions

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis. The District has elected to cover an additional 1.50% in 2020 and 2.00% for 2021, making the total contribution 16.25% for the District and 8.25% for the teacher.

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

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

At June 30, 2021, the District reported a liability of \$47,742,550 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At June 30, 2020, the Employer's proportion was 3.11940163 percent, which was a decrease of 0.04535675 percent from its proportion measured at June 30, 2019.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

For the year ended June 30, 2021, the Employer recognized pension expense of \$5,924,040. At June 30, 2021, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,845	\$ (1,791,677)
Changes of assumptions	2,148,835	-
Net difference between projected and actual earnings on pension plan investments	2,947,216	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,179,114	(527,430)
Employer contributions subsequent to the measurement date	3,210,716	-
Total	\$ 11,495,726	\$ (2,319,107)

\$3,210,716 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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 ending June 30:

2022	\$	1,764,291
2023		1,264,189
2024		1,457,297
2025		1,093,158
2026		336,368
Thereafter		50,600

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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 disability retirees, mortality rates were based on the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.

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

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

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

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

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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%	6.86%
Global Fixed Income	23%	1.25%
Global Real Assets	18%	5.02%
Cash Equivalents	1%	0.00%

Discount Rate

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability	\$63,590,511	\$47,742,550	\$34,572,081

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report. TFFR's Comprehensive Annual Financial Report (CAFR) is located at <http://www.nd.gov/rio/SIB/Publications/CAFR/default.htm>.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 9 NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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

Refunds of Member Account Balance

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

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 District has elected to cover an additional 4% for 2021, making the total contribution 11.12% for the District and 3.00% for the members.

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

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

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

At June 30, 2021, the Employer reported a liability of \$21,822,535 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2020, the Employer's proportion was 0.693655 percent, which was a decrease of 0.492030 percent from its proportion measured at June 30, 2019.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

For the year ended June 30, 2021, the Employer recognized pension expense of \$4,200,383. At June 30, 2021, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 84,925	\$ (1,105,768)
Changes of assumptions	11,698,256	(1,934,011)
Net difference between projected and actual earnings on pension plan investments	704,321	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,098,285	(451,460)
Employer contributions subsequent to the measurement date	618,131	-
Total	\$ 14,203,918	\$ (3,491,239)

\$618,131 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending 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 ending June 30:

2022	\$	3,127,351
2023		2,678,020
2024		2,117,252
2025		2,171,925

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	3.5% 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%
Global Real Assets	19%	5.01%

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).

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

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

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

	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
Employer's proportionate share of the net pension liability	\$28,313,101	\$21,822,535	\$16,511,671

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. Requests to obtain or review this report should be addressed to the Executive Director - NDPERS, P.O. Box 1657, Bismarck, North Dakota 58502-1657.

NOTE 10 OTHER POST EMPLOYMENT BENEFITS

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

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

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

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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 Employer reported a liability of \$538,296 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2020, the Employer's proportion was 0.639916 percent, which was a decrease of 0.042933 percent from its proportion measured as of June 30, 2019.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

For the year ended June 30, 2021, the Employer recognized OPEB expense of \$87,916. At June 30, 2021, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,954	\$ (12,906)
Changes of assumptions	72,175	-
Net difference between projected and actual earnings on OPEB plan investments	18,511	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	78,742	(34,600)
Employer contributions subsequent to the measurement date	<u>77,210</u>	<u>-</u>
Total	<u><u>\$ 258,592</u></u>	<u><u>\$ (47,506)</u></u>

\$77,210 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ending June 30:

2022	\$ 27,773
2023	32,558
2024	31,680
2025	26,525
2026	12,964
Thereafter	2,376

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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	2.50%
Salary increases	Not applicable
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.00%
Domestic Fixed Income	40%	1.15%
Core-Plus Fixed Income	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, 2019, and July 1, 2018, 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.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Employer's proportionate share of the net OPEB liability	\$ 705,987	\$ 538,296	\$ 396,490

NOTE 11 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 claims would not have a material effect on the overall financial position of the District as of June 30, 2021.

NOTE 12 NONMONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its food service and twenty-first century learning programs. The market value of commodities received for the year ended June 30, 2021 was \$138,938.

NOTE 13 FUTURE PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

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

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 14 CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

The District implemented GASB Statement No. 84, *Fiduciary Activities*. As a result, beginning net position and general fund balance has been restated to reflect the related fund balance of resources as of July 1, 2020 as follows:

Net Position July 1, 2020 as previously reported	\$ 20,787,887
Restatement for fiduciary accounting:	
Student Activity Fund Balance	<u>594,184</u>
Net Position July 1, 2020 as restated	<u>\$ 21,382,071</u>
General Fund Balance July 1, 2020 as previously reported	\$ 6,123,667
Restatement for fiduciary accounting:	
Student Activity Fund Balance	<u>594,184</u>
General Fund Balance July 1, 2020 as restated	<u>\$ 6,717,851</u>

NOTE 15 TRANSFERS

The following is a reconciliation of transfers in and out during the year ended June 30, 2021. The purpose of the transfer from the general fund to the building fund was to cover the construction costs, the transfer from the general fund to the food service fund was to apply the payment of benefits payable before year end.

Fund	Transfer In	Transfer Out
General fund	\$ -	\$ 50,609
Food service fund	<u>50,609</u>	<u>-</u>
Total transfers	<u>\$ 50,609</u>	<u>\$ 50,609</u>

NOTE 16 DEFICIT FUND BALANCE

The general fund had a deficit fund balance as of June 30, 2021 of \$131,036, this will be alleviated by contributions from both unrestricted grants and the general fund.

NOTE 17 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through March 1, 2022, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance With Budget
REVENUES				
Local sources	\$ 13,575,000	\$ 13,575,000	\$ 13,555,600	\$ (19,400)
State sources	35,970,425	35,970,425	36,002,945	32,520
Federal sources	<u>7,176,362</u>	<u>7,176,362</u>	<u>6,448,326</u>	<u>(728,036)</u>
TOTAL REVENUES	<u>56,721,787</u>	<u>56,721,787</u>	<u>56,006,871</u>	<u>(714,916)</u>
EXPENDITURES				
Current:				
Regular instruction	30,108,092	30,108,092	28,656,153	1,451,939
Special education	8,901,621	8,901,621	9,527,115	(625,494)
Career and technical education	1,992,482	1,992,482	1,770,373	222,109
District wide services	5,754,592	5,754,592	6,731,098	(976,506)
Operations and maintenance	4,187,202	4,187,202	5,157,908	(970,706)
Transportation	1,427,158	1,427,158	1,485,333	(58,175)
Co-curricular activities	1,078,997	1,078,997	1,050,358	28,639
Community service programs	1,496,183	1,496,183	1,442,866	53,317
Capital outlay	<u>-</u>	<u>-</u>	<u>344,373</u>	<u>(344,373)</u>
TOTAL EXPENDITURES	<u>54,946,327</u>	<u>54,946,327</u>	<u>56,169,600</u>	<u>(1,223,273)</u>
Excess (deficiency) of revenues over expenditures	<u>1,775,460</u>	<u>1,775,460</u>	<u>(162,729)</u>	<u>(1,938,189)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>400,000</u>	<u>400,000</u>	<u>(50,609)</u>	<u>(450,609)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>400,000</u>	<u>400,000</u>	<u>(50,609)</u>	<u>(450,609)</u>
Net change in fund balances	<u>\$ 2,175,460</u>	<u>\$ 2,175,460</u>	(213,338)	<u>\$ (2,388,798)</u>
Fund balances - beginning of year, restated			<u>6,123,667</u>	
Fund balances - ending			<u>\$ 5,910,329</u>	

See Notes to the Required Supplementary Information

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance With Budget
REVENUES				
Local sources	\$ 817,000	\$ 817,000	\$ 53,576	\$ (763,424)
Federal sources	683,000	683,000	1,497,413	814,413
TOTAL REVENUES	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,550,989</u>	<u>50,989</u>
EXPENDITURES				
Current:				
Salaries	772,378	772,378	726,105	46,273
Employee benefits	276,570	276,570	259,529	17,041
Repairs and maintenance	-	-	1,605	(1,605)
Supplies	37,200	37,200	46,731	(9,531)
Food and Milk	760,400	760,400	839,687	(79,287)
Other	57,800	57,800	39,410	18,390
TOTAL EXPENDITURES	<u>1,904,348</u>	<u>1,904,348</u>	<u>1,913,067</u>	<u>(8,719)</u>
Excess (deficiency) of revenues over expenditures	<u>(404,348)</u>	<u>(404,348)</u>	<u>(362,078)</u>	<u>42,270</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	50,609	50,609
Net change in fund balances	<u>\$ (404,348)</u>	<u>\$ (404,348)</u>	<u>(311,469)</u>	<u>\$ 92,879</u>
Fund balances - beginning of year			<u>185,808</u>	
Fund balances - ending			<u>\$ (125,661)</u>	

See Notes to the Required Supplementary Information

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	3.119402%	\$ 47,742,550	\$ 22,419,631	212.95%	63.40%
2020	3.164758%	43,586,733	22,202,235	196.32%	65.50%
2019	2.953969%	39,372,215	20,143,176	195.46%	65.50%
2018	2.861816%	39,307,779	19,316,437	203.49%	63.20%
2017	2.837200%	41,566,638	18,433,992	225.49%	59.20%
2016	2.819124%	36,870,059	17,340,566	212.62%	62.10%
2015	2.595114%	27,192,194	15,053,043	180.64%	66.60%

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.69366%	\$ 21,822,535	\$ 8,274,944	263.72%	48.91%
2020	0.73254%	8,585,852	6,666,350	128.79%	71.66%
2019	0.64891%	10,951,047	6,586,124	166.27%	62.80%
2018	0.54756%	8,801,038	5,589,699	157.45%	61.98%
2017	0.54218%	5,284,053	5,463,875	96.71%	70.46%
2016	0.48051%	3,267,386	4,280,763	76.33%	77.15%
2015	0.49203%	3,123,001	4,144,736	75.35%	77.70%

* Complete data for these schedules is not available prior to 2015.

See Notes to the Required Supplementary Information

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered payroll	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.639916%	\$ 538,296	\$ 7,619,621	7.06%	63.38%
2020	0.682849%	548,456	7,454,474	7.36%	63.13%
2019	0.609235%	479,814	6,586,124	7.29%	61.89%
2018	0.516684%	408,703	5,589,699	7.31%	59.78%

* Complete data for this schedule is not available prior to 2018.

See Notes to the Required Supplementary Information

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 3,210,716	\$ (3,210,716)	\$ -	\$ 25,182,088	12.75%
2020	2,858,503	(2,858,503)	-	22,419,631	12.75%
2019	2,830,785	(2,830,785)	-	22,202,235	12.75%
2018	2,568,255	(2,568,255)	-	20,143,176	12.75%
2017	2,462,846	(2,462,846)	-	19,316,437	12.75%
2016	2,350,334	(2,350,334)	-	18,433,992	12.75%
2015	2,210,816	(2,210,816)	-	17,340,566	12.75%

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 618,131	\$ (618,131)	\$ -	\$ 8,431,473	7.33%
2020	589,176	(589,176)	-	8,274,944	7.12%
2019	474,644	(474,644)	-	6,666,350	7.12%
2018	468,932	(468,932)	-	6,586,124	7.12%
2017	405,321	(388,105)	17,216	5,450,913	7.12%
2016	395,576	(382,540)	13,036	5,372,753	7.12%
2015	325,158	(343,029)	(17,871)	4,817,823	7.12%

* Complete data for these schedules is not available prior to 2015.

See Notes to the Required Supplementary Information

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 77,210	\$ (77,210)	\$ -	\$ 6,772,804	1.14%
2020	92,981	(92,981)	-	7,619,621	1.14%
2019	84,981	(84,981)	-	7,454,474	1.14%
2018	75,082	(75,082)	-	6,586,124	1.14%

* Complete data for this schedule is not available prior to 2018.

See Notes to the Required Supplementary Information

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The District's board adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund.

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

- The annual budget must be prepared and District taxes must be levied on or before the 15th day of August of each year.
- The taxes levied must be certified to the county auditor by October 10th.
- The operating budget includes proposed expenditures and means of financing them.
- Each budget is controlled by the business and operations manager at the revenue and expenditure function/object level.
- The current budget, except property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

NOTE 2 EXPENDITURES IN EXCESS OF BUDGET

Expenditures exceeded budget in the general fund, food service fund, debt service fund, and building fund by \$1,223,273, \$8,719, \$7,874,532, and \$49,100, respectively, during the year ended June 30, 2021. No remedial action is anticipated or required by the District regarding these excess expenditures.

Listed below is a reconciliation between the revenues and expenditures as presented in the District's Statement of Revenues, Expenditures, and Changes in Fund Balance and the budgetary inflows and outflows presented in the District's general fund budget.

Actual revenues presented on the budgetary comparison schedule	\$ 56,006,871
Student activities revenues included in the fund statements but not on the budget statement due to the implementation of GASB 84.	<u>910,364</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund.	<u>\$ 56,917,235</u>
Actual expenses presented on the budgetary comparison schedule	\$ 56,169,600
Student activities expenses included in the fund statements but not on the budget statement due to the implementation of GASB 84.	<u>959,779</u>
Total expenses as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund.	<u>\$ 57,129,379</u>

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
JUNE 30, 2020

NOTE 3 CHANGE OF ASSUMPTIONS

TFFR Pension Plan

Changes of assumptions.

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

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

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

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

NDPERS Pension Plan

Changes of benefit terms

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main system members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
JUNE 30, 2020

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

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

NDPERS 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 in 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.

SUPPLEMENTAL INFORMATION

DICKINSON PUBLIC SCHOOLS DISTRICT
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>
REVENUES				
Local sources	<u>\$ 3,399,411</u>	<u>\$ 3,399,411</u>	<u>\$ 3,361,550</u>	<u>\$ (37,861)</u>
EXPENDITURES				
Debt Service:				
Principal	2,973,054	2,973,054	2,797,986	175,068
Interest	1,577,580	1,577,580	1,576,180	1,400
Service charges	<u>1,400</u>	<u>1,400</u>	<u>2,400</u>	<u>(1,000)</u>
TOTAL EXPENDITURES	<u>4,552,034</u>	<u>4,552,034</u>	<u>4,376,566</u>	<u>175,468</u>
Excess (deficiency) of revenues over expenditures	<u>(1,152,623)</u>	<u>(1,152,623)</u>	<u>(1,015,016)</u>	<u>137,607</u>
OTHER FINANCING SOURCES (USES)				
Bond refunding	-	-	(8,050,000)	(8,050,000)
Issuance of refunding bonds	-	-	8,525,000	8,525,000
Defeasance of long-term debt	<u>-</u>	<u>-</u>	<u>(475,000)</u>	<u>(475,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,152,623)</u>	<u>\$ (1,152,623)</u>	(1,015,016)	<u>\$ 137,607</u>
Fund balances - beginning of year			<u>5,616,521</u>	
Fund balances - ending			<u>\$ 4,601,505</u>	

DICKINSON PUBLIC SCHOOLS DISTRICT
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>
REVENUES				
Local sources	<u>\$ 1,577,700</u>	<u>\$ 1,577,700</u>	<u>\$ 1,689,511</u>	<u>\$ 111,811</u>
EXPENDITURES				
Current:				
Repairs and maintenance	955,000	955,000	199,134	755,866
Capital outlays (including <\$5,000)	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,804,966</u>	<u>(804,966)</u>
TOTAL EXPENDITURES	<u>6,955,000</u>	<u>6,955,000</u>	<u>7,004,100</u>	<u>(49,100)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,377,300)</u>	<u>(5,377,300)</u>	<u>(5,314,589)</u>	<u>62,711</u>
Net change in fund balances	<u>\$ (5,377,300)</u>	<u>\$ (5,377,300)</u>	(5,314,589)	<u>\$ 62,711</u>
Fund balances - beginning of year			<u>13,694,813</u>	
Fund balances - ending			<u>\$ 8,380,224</u>	

DICKINSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal AL Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through North Dakota Department of Public Instruction:			
Emergency Summer Food (ESFP) Breakfast	10.559	F10559	\$ 156,482
Emergency Summer Food (ESFP) Lunch	10.559	F10559	1,110,688
Dickinson Public Schools-ESFSP COVID 19- Breakfast	10.559	F10559	6,082
Dickinson Public Schools-ESFSP COVID 19- Lunch	10.559	F10559	79,143
School USDA Foods (SCH) - commodities	10.555	F10555	<u>138,938</u>
Child Nutrition Cluster			1,491,333
SAE Food Nutrition	10.560	F10560	6,080
Child and Adult Care (CACFP) After-School Snacks	10.558	F10558	<u>19,035</u>
Total U.S. Department of Agriculture			<u>1,516,448</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the State Board of Career and Technical Education:			
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	2038	79,474
Passed through North Dakota Department of Public Instruction:			
Title I - Grants to LEAs	84.010	PII017	959,909
Title II A- Improving Teacher Quality State Grants- Grants to LEAs	84.367	F84367	293,754
Title IV- Student Support and Academic Enrichment- Grants to LEAs	84.424	F84424A	<u>147,047</u>
Title grants to LEAs			1,400,710
IDEA, Part B Special Education	84.027	PII024	1,031,790
IDEA, Part B Special Education - Preschool Special Education Cluster (IDEA)	84.173	PII026	<u>23,403</u>
			1,055,193
Adult Education	84.002	F84002A	288,907
Twenty-First Century Community Learning Centers	84.287	PII066	255,778
Comprehensive Literacy State Development - CLSD Continuation	84.371	F84371C2	252,517
COVID-19: Coronavirus Relief Fund-Education Corps Funding	21.019	F21019	911,438
COVID-19: Coronavirus Relief Fund-K-12 COVID Resiliency	21.019	F21019	<u>1,048,003</u>
Total Coronavirus Relief Funds			1,959,441
COVID-19: Special Education Early Childhood ESSER PD Funds (Preschool ESSER)	84.425D	F84425D	2,924
COVID-19: ESSER I- Elementary and Secondary School Emergency Relief Fund	84.425D	F84425D	<u>667,742</u>
Total ESSER funds			3,427,309
Primary Federal Awards- No pass through:			
School Climate Transformation Grant - Local Educational Agency Grants	84.184		<u>213,764</u>
Total U.S. Department of Education			<u>6,176,450</u>
U.S. DEPARTMENT OF JUSTICE			
Primary Federal Awards- No pass through:			
COPS School Violence Prevention Program 2020	16.710	2020SVWX0062	<u>252,841</u>
Total U.S. Department of Justice			<u>252,841</u>
Total expenditures of federal awards			<u>\$ 7,945,739</u>

See Notes to the Schedule of Expenditures of Federal Awards

DICKINSON PUBLIC SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the applicable cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

Dickinson Public School District has not elected to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE 3 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of Dickinson Public School District 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The amounts reported on the schedule have been reconciled to and are in agreement with amounts recorded in the accounting records from which the financial statements have been reported.

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

To the School Board
Dickinson Public School District
Dickinson, 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 and each major fund of Dickinson Public School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Dickinson Public School District's basic financial statements and have issued our report thereon dated March 1, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dickinson Public School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dickinson Public School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dickinson Public School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickinson Public School District'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 financial statements. 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*.

District's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

March 1, 2022

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

To the School Board
Dickinson Public School District
Dickinson, North Dakota

Report on Compliance for Each Major Federal Programs

We have audited Dickinson Public School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Dickinson Public School District's major federal programs for the year ended June 30, 2021. Dickinson Public School District'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Dickinson Public School District'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 Dickinson Public School District'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 the major federal program. However, our audit does not provide a legal determination of the Dickinson Public School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Dickinson Public School District 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 the Dickinson Public School District, 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 the Dickinson Public School District'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 the Dickinson Public School District'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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

March 1, 2022

DICKINSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> x </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> x </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
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Any audit findings disclosed that are Required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> yes	<u> x </u> no
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<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555 & 10.559	Child Nutrition Cluster
21.019	COVID-19: Coronavirus Relief
84.425D	COVID-19: ESSER I – Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$750,000 </u>
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Auditee qualified as a low-risk auditee?	<u> </u> yes	<u> x </u> no
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DICKINSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

2021-001: Material Weakness

Criteria

An appropriate system of internal controls requires that the District make a determination that the financial statements and the underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the District's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures.

Condition

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

Cause

Auditors prepared the draft financial statements and proposed material journal entries.

Effect

There is an increased risk of material misstatement to the organization's financial statements. In addition, the District's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit. We also recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures 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.

Views of Responsible Officials and Planned Corrective Actions

The Dickinson School Board has decided to accept the degree of risk associated with the District not preparing its own financial statements in accordance with generally accepted accounting principles due to the time and expense necessary to have staff prepare the statements prior to the annual audit.

Indication of Repeat Finding

This is a repeat finding of 2020-001.

DICKINSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2021

2021-002: Segregation of Duties - Significant Deficiency

Criteria

A proper system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation.

Condition

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keepings and reconciliation.

Cause

The organization is subject to size and budget constraints limiting the number of personnel within the accounting department.

Effect

The design of internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Recommendation

We recommend the organization review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

Views of Responsible Officials and Planned Corrective Actions

Dickinson Public Schools has reviewed internal Controls and has made the appropriate actions to correct the above mentioned finding. As of November 2020, the District has hired a new Business Manager to oversee accounting duties and assist in the separation of duties. Management has put in place a system where there is a clear separation of duties, and more than one individual will be reviewing accounting documents and processes and will record when the review took place and by whom.

Indication of Repeat Finding

This is a new finding in the current year.

DICKINSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2021

2021-003: Cash and Unearned Revenue – Significant Deficiency

Criteria

A proper system of internal control over fund balances would ensure that unearned revenue amounts are not spent until earned.

Condition

Unearned revenue and student deposits in the food service fund exceed cash balances in the current year.

Cause

The District did not properly manage cash amongst funds and erroneously spent cash from unearned revenues before it was earned.

Effect

If unearned revenue amounts needed to be returned, cash balances in the food service fund would not be sufficient.

Recommendation

We recommend the District review its procedures surrounding unearned revenue to ensure that cash balances appropriately cover these balances and are not spent before earned. In addition, the District should consider transferring cash to this fund to an appropriate amount that would at least equal the unearned revenue account balance.

Views of Responsible Officials and Planned Corrective Actions

After reconciling the 2020-2021 ending balance, as part of the budget development process that took place in July 2021 for the 2021-2022 fiscal year, the district reviewed anticipated revenues and aligned expenditures accordingly to address the deficit balance and stabilize the food service fund. Food Service staff will also monitor expenditures in this area throughout the current fiscal year and address future costs for the food service fund through an appropriation of expenses to match revenues budgeted, which should eliminate future deficit balances and expended revenues before they have been received.

Indication of Repeat Finding

This is a new finding in the current year.

DICKINSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2021

Section III – Federal Award Findings and Questioned Costs

There are no findings which are required to be reported under this section

DICKINSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

2020-001: Material Weakness

Criteria

A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements, including recording government wide journal entries in order to reconcile from the fund financials to the government wide financials and ensuring all general ledger accounts are properly reflected on a GAAP basis.

Condition

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

Cause

Auditors prepared the draft financial statements and proposed material journal entries.

Effect

This control deficiency could result in a misstatement to the presentation of the audited financial statements.

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to audit. In addition, accounting personnel should track and maintain supporting schedules for items recorded at the government wide level. We recommend the District reviews its accounting procedures to ensure the procedures include properly adjusting for accruals at year end.

Views of Responsible Officials and Planned Corrective Actions

The Dickinson School Board has decided to accept the degree of risk associated with the District not preparing its own financial statements in accordance with generally accepted accounting principles due to the time and expense necessary to have staff prepare the statements prior to the annual audit.

Current Status

This finding is repeated as finding 2021-001 in the current year.



Corrective Action Plan – June 30, 2021

2021-001

Contact Person

Stephanie Hunter, Business Manager/Naomi Obrigewitch, Accounting Manager

Corrective Action Plan

The Dickinson School Board has decided to accept the degree of risk associated with the District not preparing its own financial statements in accordance with generally accepted accounting principles due to the time and expense necessary to have staff prepare the statements prior to the annual audit.

Completion Date

On-going

2021-002

Contact Person

Stephanie Hunter, Business Manager/Naomi Obrigewitch, Accounting Manager

Corrective Action Plan

The District has hired a new Business Manager to oversee accounting duties and assist in the separation of duties. Management has put in place a system where there is a clear separation of duties, and more than one individual will be reviewing accounting documents and processes and will record when the review took place and by whom.

Completion Date

November 2020

2021-003

Contact Person

Stephanie Hunter, Business Manager/Naomi Obrigewitch, Accounting Manager

Corrective Action Plan

After reconciling the 2020-2021 ending balance, as part of the budget development process that took place in July 2021 for the 2021-2022 fiscal year, the district reviewed anticipated revenues and aligned expenditures accordingly to address the deficit balance and stabilize the food service fund. Food Service staff will also monitor expenditures in this area throughout the current fiscal year and address future costs for the food service fund through an appropriation of expenses to match revenues budgeted, which should eliminate future deficit balances and expended revenues before they have been received.

Completion Date

June 30, 2021