GRENORA PUBLIC SCHOOL DISTRICT NO. 99
GRENORA, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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GRENORA PUBLIC SCHOOL DISTRICT NO. 99
ROSTER OF SCHOOL OFFICIALS
JUNE 30, 2021

Carrie Edwards	Board President
Rick Foss	Vice President
Nicole Berg	Board Member
Mitch Lundby	Board Member
Brent Peterson	Board Member
Lavern Johnson	Board Member
Dave Pittenger	Board Member
Aaron Rudningen	Superintendent
Jennifer Wade	Business Manager

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grenora Public School District No. 99
Grenora, North Dakota

We have audited the accompanying statement of net position and balance sheet of the governmental activities, each major fund and the aggregate remaining fund information of Grenora Public School District as of June 30, 2021, and we were engaged to audit the statement of activities and statement of revenues, expenditures and changes in fund balance, statement of changes in fiduciary net position and the related notes to the financial statements for the year ended June 30, 2021, which collectively comprise Grenora 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. Because of the matter described in the "Basis for Disclaimer of Opinion on the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of activities and statements of revenues, expenditures, and changes in fund balance.

We conducted our audit of the statement of net position and balance sheet in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 these 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.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities – Statement of Net Position	Unmodified
Governmental Activities – Statement of Activities	Disclaimer
Governmental Funds – Balance Sheet	Unmodified
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balance	Disclaimer
Fiduciary - Statement of Fiduciary Net Position	Unmodified
Fiduciary – Statement of Changes in Fiduciary Net Position	Disclaimer

Basis for Disclaimer of Opinion on the Statement of Activities, Statement of Revenues, Expenditures and Changes in Fund Balance and Statement of Changes in Fiduciary Net Position

The revenues and expenses of the District were unable to be audited due to the bank statement activity not being properly recorded throughout the year.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on Statement of Activities, Statements of Revenues, Expenditures and Changes in Fund Balance and Statement of Changes in Fiduciary Net Position" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of activities, statement of revenues, expenditures and changes in fund balance and statement of changes in fiduciary net position. Accordingly, we do not express an opinion on these parts of the financial statements.

Unmodified Opinion on the Statement of Net Position, Balance Sheet and Statement of Fiduciary Net Position

In our opinion, the Statement of Net Position, Balance Sheet and Statement of Fiduciary Net Position referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and other aggregate remaining fund information of Grenora Public School District as of June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. As discussed in Note 16 to the financial statements, the District has retroactively restated the previously reported Net Position and Fund Balances in accordance with this statement. The 2020 financial statements have also been restated to correct a material misstatement. Our opinions are not modified in respect to these matters.

Other Matters

Required Supplementary Information

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

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brady Martz

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

February 15, 2024

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Cash	$ 3,783,462
Accounts Receivable	14,832
Taxes Receivable	89,342
Due from Other Governments	327,100
Prepaid Expenses	51,875
Total Current Assets	4,266,611
Capital Assets	
Land	36,157
Construction in Progress	148,209
Buildings	11,867,134
Equipment	1,110,139
Vehicles	769,854
Less Accumulated Depreciation	(3,071,767)
Total Capital Assets, Net of Depreciation	10,859,726
TOTAL ASSETS	15,126,337
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	593,040
LIABILITIES	
Accounts Payable	230,111
Due to Fiduciary Fund	33,208
Accrued Interest	32,453
Bonds Payable Due Within One Year	1,518,814
Bond Premium Due Within One Year	1,679
Capital Lease Payable Due Within One Year	12,749
Total Current Liabilities	1,829,014
Long-Term Liabilities	
Bonds Payable (Net of Current Maturities)	5,638,577
Premium on Bonds Payable	20,770
Capital Lease Payable	27,077
Net Pension Liability	2,585,453
Total Non-Current Liabilities	8,271,877
TOTAL LIABILITIES	10,100,891
DEFERRED INFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	334,019
NET POSITION	
Net Investment in Capital Assets	3,640,060
Restricted for:	
Debt Service	1,656,472
Capital Projects	786,534
Unrestricted	(798,599)
TOTAL NET POSITION	$ 5,284,467

See Notes to the Financial Statements

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES				
Regular Programs	$ 2,312,204	$ 520	$ 249,797	$ (2,061,887)
Special Education	300,399	-	185,485	(114,914)
District Wide Services	113,861	-	-	(113,861)
Administration	759,652	-	-	(759,652)
Operations and Maintenance	562,272	-	-	(562,272)
Food Services	308,265	4,889	140,991	(162,385)
Transportation	383,703	-	109,569	(274,134)
Extracurricular Activities	235,637	129,221	-	(106,416)
Community Support Services	148,008	52,845	140,431	45,268
Instructional Support Services	169,353	-	-	(169,353)
Interest and Service Fees	142,508	-	-	(142,508)
TOTAL GOVERNMENTAL ACTIVITIES	$ 5,435,862	$ 187,475	$ 826,273	(4,422,114)

GENERAL REVENUES	
Property Taxes, Levied for General Purposes	1,792,107
Aids and Payments from the State	1,564,293
Oil, Gas and Coal Production	235,028
Earnings on Investments	3,749
Miscellaneous Revenue	799,608
TOTAL GENERAL REVENUES	4,394,785
Change in Net Position	(27,329)
Net Position - Beginning, as originally stated	4,947,209
Prior Period Adjustments - see note 16	364,587
Net Position - Beginning, as originally stated	5,311,796
Net Position - Ending	$ 5,284,467

See Notes to the Financial Statements

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Student Activities Fund	Food Service Fund	Debt Service Fund	Capital Projects Fund	Little Gopher Daycare	Total Governmental Funds
ASSETS							
Cash	$ 671,778	$ 104,597	$ 104,330	$ 1,761,329	$ 987,303	$ 154,125	$ 3,783,462
Accounts Receivable	14,832	-	-	-	-	-	14,832
Taxes Receivable	54,488	-	-	27,507	7,347	-	89,342
Due from Other Governments	327,100	-	-	-	-	-	327,100
Prepaid Expenses	51,875	-	-	-	-	-	51,875
Due from Other Funds	734,359	-	-	67,457	-	-	801,816
TOTAL ASSETS	$ 1,854,432	$ 104,597	$ 104,330	$ 1,856,293	$ 994,650	$ 154,125	$ 5,068,427
LIABILITIES							
Accounts Payable	$ 99,548	$ -	$ -	$ -	$ 130,563	$ -	$ 230,111
Due to Other Funds	79,293	-	-	199,821	77,553	445,149	801,816
Due to Fiduciary Fund	-	33,208	-	-	-	-	33,208
TOTAL LIABILITIES	178,841	33,208	-	199,821	208,116	445,149	1,065,135
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Delinquent Taxes	51,193	-	-	25,740	6,885	-	83,818
FUND BALANCES							
Nonspendable	51,875	-	-	-	-	-	51,875
Restricted	-	71,389	-	1,630,732	779,649	-	2,481,770
Assigned	-	-	104,330	-	-	-	104,330
Unassigned	1,572,523	-	-	-	-	(291,024)	1,281,499
TOTAL FUND BALANCES	1,624,398	71,389	104,330	1,630,732	779,649	(291,024)	3,919,474
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,854,432	$ 104,597	$ 104,330	$ 1,856,293	$ 994,650	$ 154,125	$ 5,068,427

See Notes to the Financial Statements

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balances - governmental funds		$ 3,919,474
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in government funds:		
Cost of capital assets	$ 13,931,493	
Less: accumulated depreciation	(3,071,767)	
Net		10,859,726
Net deferred outflows/(inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.		259,021
Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.		83,818
Bond premiums that are amortized over the life of the debt issue		(22,449)
Long-term liabilities, including special assessments, are not due and payable in the current period and therefore, are not recorded as liabilities in the governmental funds.		
Accrued Interest		(32,453)
Bonds Payable		(7,157,391)
Capital Lease Payable		(39,826)
Net Pension Liability		(2,585,453)
Net Position - Governmental Activities		$ 5,284,467

See Notes to the Financial Statements

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Student Activities Fund	Food Service Fund	Debt Service Fund	Capital Projects Fund	Little Gopher Daycare	Total Governmental Funds
REVENUES							
Local Sources	$ 2,342,622	$ 129,329	$ 4,889	$ 369,653	$ 116,781	$ 52,845	$ 3,016,119
State Sources	2,096,839	-	1,766	-	-	7,425	2,106,030
Federal Sources	179,289	-	139,224	-	-	-	318,513
TOTAL REVENUES	4,618,750	129,329	145,879	369,653	116,781	60,270	5,440,662
EXPENDITURES							
Current:							
Regular Programs	1,811,172	-	-	-	-	-	1,811,172
Special Education	300,399	-	-	-	-	-	300,399
District Wide Services	113,861	-	-	-	-	-	113,861
Administration	761,281	-	-	-	-	-	761,281
Operations and Maintenance	378,280	-	-	-	183,994	-	562,274
Food Services	73,069	-	98,451	-	-	136,743	308,263
Transportation	347,049	-	-	-	-	-	347,049
Extracurricular Activities	185,078	50,560	-	-	-	-	235,638
Community Support Services	147,721	-	-	-	-	288	148,009
Instructional Support Services	169,353	-	-	-	-	-	169,353
Capital Outlay:	90,905	-	-	-	154,084	-	244,989
Debt Service:							
Principal Retirement	12,250	-	-	295,926	-	-	308,176
Interest and Service Fees	-	-	-	110,234	-	-	110,234
TOTAL EXPENDITURES	4,390,418	50,560	98,451	406,160	338,078	137,031	5,420,698
Excess (Deficiency) of Revenues over (under) Expenditures	228,332	78,769	47,428	(36,507)	(221,297)	(76,761)	19,964
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	11,326	-	-	11,326
Transfers Out	-	-	(11,326)	-	-	-	(11,326)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(11,326)	11,326	-	-	-
Excess (Deficiency) of Revenues over Expenditures	228,332	78,769	36,102	(25,181)	(221,297)	(76,761)	19,964
Fund Balance - beginning of Year, as originally stated	1,396,066	-	68,228	1,655,913	1,000,946	(214,263)	3,906,890
GASB 84 adjustment - see note 16	-	(7,380)	-	-	-	-	(7,380)
Fund Balance - beginning of Year, as restated	1,396,066	(7,380)	68,228	1,655,913	1,000,946	(214,263)	3,899,510
Fund Balance - End of Year	$ 1,624,398	$ 71,389	$ 104,330	$ 1,630,732	$ 779,649	$ (291,024)	$ 3,919,474

See Notes to the Financial Statements

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
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

Total net changes in fund balances - Governmental Funds		$ 19,964
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the useful lives as depreciation expense.		
Capital Outlays	$ 244,989	
Depreciation Expense	(433,660)	(188,671)
Gain (Loss) on Disposition of Assets		(2,554)
Repayment of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.		308,176
Based on receipt dates, some revenues are not considered available revenue and are unavailable in the governmental funds.		
Net change in unavailable property taxes		(31,359)
Changes in deferred outflows and inflows of resources related to net pension liability		(96,148)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Amortization of premiums received from bond issuance		1,783
Net change in interest payable		(30,824)
Net change in net pension liability		(7,696)
Change in net position - Governmental Activities		$ (27,329)

See Notes to the Financial Statements

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Foundation Fund
ASSETS	
Due from student activities	$ 33,208
TOTAL ASSETS	$ 33,208
FUND BALANCE	
Restricted for Foundation	$ 33,208
TOTAL FUND BALANCES	$ 33,208

See Notes to the Financial Statements

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Foundation Fund
ADDITIONS	
Donations	$ 14,052
TOTAL ADDITIONS	14,052
DEDUCTIONS	
Donations	6,786
TOTAL DEDUCTIONS	6,786
CHANGE IN NET POSITION	7,266
NET POSITION - BEGINNING OF YEAR	25,942
NET POSITION - END OF YEAR	$ 33,208

See Notes to the Financial Statements

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Grenora Public School District operates the public school in the City of Grenora, North Dakota. There is one school that encompasses grades K-12.

Financial Reporting Entity

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements display information about the District as a whole.

The statement of net position presents the financial condition of the governmental activities of the District at year-end.

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

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

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

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. All funds are shown as major in the fund financial statements. The fiduciary fund is reported by type.

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 inflows of resources, and liabilities. The District's major governmental funds are as follows:

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

Student Activity Fund - This fund is used to account for various deposits of the student activity funds.

Food Service Fund - This fund accounts for the activity and financial resources that support the District's hot lunch program.

Debt Service Fund - The Debt Service fund is used to account for the accumulation of resources for, and the payments of, general long-term debt principal, interest, and related costs.

Capital Projects Fund - The Capital Projects fund is used to account for the acquisition, construction, maintenance and insurance of major facilities.

Little Gopher Daycare Fund - This fund is used to account for the activity that supports the daycare to provide the service to District employees.

The District does not have any non-major governmental funds as the District has elected to show all funds as major.

Measurement Focus

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

Basis of Accounting

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

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

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

Budgets and Budgetary Accounting

Based upon available financial information and requests by the school board, the business manager prepares the school district budget. The budget is prepared for the general fund on the modified accrual basis of accounting. The budget includes the proposed expenditures and the means of financing them. The District does not prepare a budget for the food service fund or little gopher fund, as state law does not require a budget for these. Since a budget was not prepared, the statement comparing budget and actual results could not be prepared. All annual appropriations lapse at year-end.

School district taxes must be levied by the governing board on or before the fifteenth day of August. The taxes must be certified to the county August 25. The governing body of the school district may amend its tax levy and budget of the current fiscal year on or before the tenth day of October of each year, but the certification must be filed with the county auditor by October 10. The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.

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. These amounts must be deposited with Bank of North Dakota or in a financial institution situated and doing business within this 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 uninsured balance.

Investments

Investments consist of Certificates of Deposit with an original maturity date of more than three months. North Dakota State statute authorizes school districts to invest their surplus funds in: a) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality's, or organizations created by an act of Congress, b) Securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation of the state, d) Obligations of the state and e) Commercial paper issued by a United States corporation rated in the highest quality category by at least two annually recognized rating agencies and matures in two hundred seventy days or less.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-wide Statement of Net Position but are not reported as assets in the Fund Financial Statements. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the District's fiscal year. The District has established a capitalization threshold of $5,000. Donated fixed assets are recorded at their acquisition values at the date received. The District does not have any infrastructure assets. Improvements that significantly extend the useful life of the asset are also capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

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

Buildings	15 to 80 years
Equipment	8 to 20 years
Vehicles	15 to 19 years

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the District's government wide financial statements. The District's governmental fund financials report only those obligations that will be paid from current financial resources. Bonds premiums or discounts are capitalized and amortized over the term of the related obligation. Bond issuance costs are recorded as expenditures when paid.

With respect to the presentation of governmental funds in the governmental fund financial statements, the face amount of debt issued is reported as an other financing source. 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.

Pensions

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

Deferred Outflows/Inflows of Resources

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

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

Fund Balance Classifications

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

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

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

Committed – consists of amounts that can only be used for specific purposes imposed by a formal action of the school district's highest level of decision-making authority, the school board. Committed resources cannot be used for any other purpose unless the school board removes or changes the specified use by the same type of action previously used to commit those amounts, either by resolution or by ordinance.

Assigned – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the Board of Education and/or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. As of June 30, 2021, the school board has not granted any official the right to assign amounts to a specified purpose.

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

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

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

Net Position

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

Interfund Activity

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

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.

NOTE 3 CASH 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, 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 $3,783,462. The bank balance of these deposits that was subject to custodial credit risk as of June 30, 2021 was $3,505,756. The remaining amounts are not subject to custodial credit risk. The entirety of the balance subject to custodial credit is covered by the FDIC (Federal Deposit Insurance Corporation) and pledged collateral held in the District's name.

Interest Rate Risk

Generally, the longer the maturity period of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Interest rates on certificates of deposit range from 0.55% to 1.1% with a term of 24 months.

NOTE 4 TAXES RECEIVABLE

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

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

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

NOTE 5 DUE FROM OTHER GOVERNMENTS

The amount due from other government at June 30, 2021 consists of the following:

North Dakota Department of Public Instruction	$ 83,880
Great Northwest Area Career and Technical Center	11,320
Wilmax Multidistrict Special Education Unit	129,914
Williston Public School District	44,626
North Dakota State Treasurer	57,360
Total	$ 327,100

NOTE 6 CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 36,157	$ -	$ -	$ 36,157
Construction in Progress	-	148,209	-	148,209
Total	36,157	148,209	-	184,366
Capital Assets Being Depreciated				
Buildings	11,867,134	-	-	11,867,134
Equipment	1,109,177	16,208	(15,246)	1,110,139
Vehicles	689,282	80,572	-	769,854
Total	13,665,593	96,780	(15,246)	13,747,127
Less Accumulated Depreciation				
Buildings	1,819,266	312,566	-	2,131,832
Equipment	623,158	72,224	(12,692)	682,690
Vehicles	208,375	48,870	-	257,245
Total	2,650,799	433,660	(12,692)	3,071,767
Net Capital Assets Being Depreciated	11,014,794	(336,880)	(2,554)	10,675,360
Net Capital Assets for Governmental Activities	$ 11,050,951	$ (188,671)	$ (2,554)	$ 10,859,726

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

Regular Programs	$ 384,790
Transportation	48,870
	$ 433,660

As of June 30, 2021 the capitalized cost and associated accumulated depreciation for leased capital assets is as follows:

Leased vehicle	$ 61,967
Accumulated depreciation	(20,656)
	$ 41,311

NOTE 7 DUE TO/FROM OTHER FUNDS

Due to and due from other funds consisted of the following as of June 30, 2021:

	Due From	Due To	Total
General Fund	$ 734,359	$ (79,293)	$ 655,066
Debt Service Fund	67,457	(199,821)	(132,364)
Capital Projects Fund	-	(77,553)	(77,553)
Little Gopher Daycare	-	(445,149)	(445,149)
	$ 801,816	$ (801,816)	$ -

These interfund receivable/payables will be repaid in future years.

NOTE 8 LONG-TERM DEBT

During the year ended June 30, 2021, the following changes occurred in noncurrent liabilities:

	Balance 7/1/2020, Restated	Additions	Reductions	Balance 6/30/2021	Due within One Year
General Obligation Bonds, 2014	$ 2,255,000	$ -	$ -	$ 2,255,000	$ 135,000
General Obligation Bonds, 2015	5,198,317	-	295,926	4,902,391	1,383,814
Bond Premium	24,232	-	1,784	22,448	1,679
Capital Leases	52,076	-	12,250	39,826	12,749
	$ 7,529,625	$ -	$ 309,960	$ 7,219,665	$ 1,533,242

General Obligation Bonds Series 2014 – In November 2014, the District issued $2,985,000 in General Obligation School Building Bonds, Series 2014. Bond payments are due in annual installments ranging from $85,000 to $195,000, commencing on August 1, 2015. Final payment is due August 1, 2034. Interest ranges from 2 percent through 3.125 percent per annum, and is due semiannually on February and August 1. The bond payable and its related premium were recorded in the District's statement of net position. The bond premium was capitalized and will be amortized to interest expense on a straight-line basis.

General Obligation Bonds Series 2015 – In November 2015, the District issued $6,965,000 in General Obligation School Building Bonds, Series 2015, for the purpose of constructing, remodeling, and making improvements to school property. Bond payments are due in semi-annual payments ranging from $166,000 to $204,000 including interest at 5 percent, with an interest buydown to the rate of 2 percent, commencing on June 2016.

Capital Lease – In October 2019, the District began leasing a bus for a term of 5 years and monthly school year payments of $1,576.

Annual debt service requirements to maturity are as follows:

GO Bonds 2015

Fiscal Year Ending June 30	Principal	Interest (net)	Total
2022	$ 1,383,814	$ 74,600	$ 1,458,414
2023	291,406	64,752	356,158
2024	226,370	67,021	293,391
2025	234,542	58,849	293,391
2026	239,256	54,135	293,391
2027-2031	1,270,379	196,576	1,466,955
2032-2036	1,256,624	63,666	1,320,290
	$ 4,902,391	$ 579,599	$ 5,481,990

GO Bonds 2014

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 135,000	$ 60,794	$ 195,794
2023	140,000	58,044	198,044
2024	140,000	55,244	195,244
2025	145,000	52,213	197,213
2026	150,000	48,519	198,519
2027-2031	800,000	175,472	975,472
2032-2036	745,000	47,117	792,117
	$ 2,255,000	$ 497,403	$ 2,752,403

Capital Leases

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 12,749	$ 1,432	$ 14,181
2023	13,266	911	14,177
2024	13,811	371	14,182
	$ 39,826	$ 2,714	$ 42,540

Interest buydown – Grenora Public School District participated in the Bank of North Dakota interest buydown program. Under this program the Bank of North Dakota paid $162,657 for the year ended June 30, 2021, in order to buydown the District’s interest rate on the General Obligation School Building Bonds of 2015 by approximately 2%. These amounts were recorded as a reduction to interest expense.

NOTE 9 FUND BALANCE

Fund balance as of June 30, 2021 is as follows:

	Nonspendable	Restricted	Assigned	Unassigned
General Fund	$ 51,875	$ -	$ -	$ 1,572,523
Student Activities	-	71,389	-	-
Food Service	-	-	104,330	-
Debt Service	-	1,630,732	-	-
Capital Projects	-	779,649	-	-
Little Gopher Daycare	-	-	-	(291,024)
Total	$ 51,875	$ 2,481,770	$ 104,330	$ 1,281,499

Restricted and assigned fund balances reflect resources restricted for statutorily and board defined purposes not accounted for in a separate fund.

NOTE 10 TRANSFERS

Transfers between funds consisted of the following as of June 30, 2021:

	Transfer In	Transfer Out	Total
Debt Service Fund	$ 11,326	$ -	$ 11,326
Food Service Fund	-	(11,326)	(11,326)
	$ 11,326	$ (11,326)	$ -

NOTE 11 DEFINED BENEFIT PENSION PLANS – TEACHER'S FUND FOR RETIREMENT

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

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

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

Pension Benefits

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

Tier 1 Grandfathered

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

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

Tier 1 Non-grandfathered

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

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

Tier 2

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

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

Death and Disability Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% and 12.75% of salary as of June 30, 2018 and 2019 as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

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

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

At June 30, 2021, the District reported a liability of $2,585,453 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2020, the Employer's proportion was 0.16892829 percent which was a decrease of 0.01823828 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Employer recognized pension expense of $271,582. 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	$ 533	$ (97,027)
Changes of assumptions	116,368	-
Net difference between projected and actual earnings on pension plan investments	159,604	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	148,801	(236,992)
Employer contributions subsequent to the measurement date	167,734	-
Total	$ 593,040	$ (334,019)

$167,734 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 ended June 30:	
2022	$ 46,311
2023	19,724
2024	38,202
2025	24,853
2026	(9,961)
Thereafter	(27,842)

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.

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

	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 as of June 30, 2019:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employer's proportionate share of the net pension liability	$ 3,443,685	$ 2,585,453	$ 1,872,219

Pension Plan Fiduciary Net Position

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

NOTE 12 RISK MANAGEMENT

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

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

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

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

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

NOTE 13 DEFICIT FUND BALANCE

For the year ended June 30, 2021, the Little Gopher Daycare fund had a deficit balance of $291,024. The fund plans on reducing the deficits as it becomes more self sufficient.

NOTE 14 EXPENDITURES IN EXCESS OF BUDGET

The District had $1,040,400 in expenditures that exceeded budgeted appropriations for the general fund for the year ended June 30, 2021. No remedial action is anticipated or required by the District regarding these excess expenditures

NOTE 15 NEW PRONOUNCEMENTS

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

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

GASB Statement No. 99, *Omnibus 2022,* provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62,* provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences,* provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

NOTE 16 CHANGE IN ACCOUNTING PRINCIPLE, CORRECTION OF ERROR AND RESTATEMENT OF NET POSITION AND FUND BALANCE

The District recorded a prior period adjustment to correct bonds payable balances as of July 1, 2020. In addition, the District implemented GASB Statement No. 84, *Fiduciary Activities*. As a result, beginning net position and general fund balance have been restated as of July 1, 2020 as follows:

Net Position July 1, 2020 as previously reported	$ 4,947,209
Restatement for fiduciary accounting:	
Student Activitiy fund balance reclassified to governmental fund	(7,380)
Correction of error - bonds payable	371,967
Net Position July 1, 2020 as restated	$ 5,311,796
Fund Balances - governmental funds, July 1, 2020 as previously reported	$ 3,906,890
Restatement for fiduciary accounting:	
Student Activitiy fund balance reclassified to governmental fund	(7,380)
Fund Balances - governmental funds, July 1, 2020 as restated	$ 3,899,510

NOTE 17 COMMITMENTS

In the current year, the District committed to various upgrades throughout the school to be completed in future years. The original contract amount was $1,502,087, of which $148,209 has been paid as of June 30, 2021.

NOTE 18 SUBSEQUENT EVENTS

No significant events requiring disclosure occurred subsequent to the District's year end. Subsequent events have been evaluated through February 15, 2024, which is the date these financial statements were available to be issued.

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original & Final Budget	Actual	Variance with Budget
REVENUES			
Local Sources	$ 1,804,042	$ 2,342,622	$ 538,580
State Sources	2,056,346	2,096,839	40,493
Federal Sources	112,569	179,289	66,720
TOTAL REVENUES	3,972,957	4,618,750	645,793
EXPENDITURES			
Regular Instruction	1,537,329	1,811,172	273,843
Special Education	155,683	300,399	144,716
Other Programs and Services	1,748	-	(1,748)
District Wide Services	-	113,861	113,861
Administration	420,997	761,281	340,284
Operations and Maintenance	414,247	378,280	(35,967)
Food Services	62,867	73,069	10,202
Transportation	310,869	347,049	36,180
Extracurricular Activities	26,050	185,078	159,028
Community Support Services	-	147,721	147,721
Instructional Support Services	1,750	169,353	167,603
Capital Outlay:	-	90,905	90,905
Debt Service:			
Principal Retirement	-	12,250	12,250
TOTAL EXPENDITURES	2,931,540	4,390,418	1,458,878
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,041,417	228,332	(813,085)
Excess (Deficiency) of Revenues Over Expenditures	1,041,417	228,332	(813,085)
Fund Balance - Beginning	1,396,066	1,396,066	-
Fund Balance - Ending	$ 2,437,483	$ 1,624,398	$ (813,085)

See Note to the Budgetary Comparison Schedule

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

Based upon available financial information and requests by the school board, the business manager prepares the school district budget. The budget is prepared for the general fund on the modified accrual basis of accounting. The budget includes the proposed expenditures and the means of financing them. The school district does not prepare a budget for the special revenue fund, debt service, or capital projects fund, as state law does not require a budget for those funds. Since a budget was not prepared, the statement comparing budget and actual results could not be prepared. All annual appropriations lapse at year-end.

School district taxes must be levied by the governing board on or before the fifteenth day of August. The taxes levied must be certified to the county auditor by August 25. The governing body of the school district may amend its tax levy and budget of the current fiscal year on or before the tenth day of October of each year, but the certification must be filed with the county auditor by October 10. The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
LAST TEN YEARS

Teachers Fund for Retirement

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	$ 167,734	$ (167,734)	$ -	$ 1,315,558	12.75%
2020	157,157	(157,157)	-	1,232,604	12.75%
2019	151,207	(151,207)	-	1,185,937	12.75%
2018	148,770	(148,770)	-	1,166,824	12.75%
2017	145,127	(145,127)	-	1,138,249	12.75%
2016	140,391	(140,391)	-	1,101,160	12.75%
2015	104,250	(104,250)	-	969,771	10.75%

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

See Note to the Required Supplementary Information

GRENORA PUBLIC SCHOOL DISTRICT NO. 99
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN YEARS

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-employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.168928%	$ 2,585,453	$ 1,232,603	209.76%	63.40%
2020	0.187167%	2,577,757	1,313,027	196.32%	65.50%
2019	0.174451%	2,325,191	1,185,937	196.06%	65.50%
2018	0.172870%	2,374,420	1,166,826	203.49%	63.20%
2017	0.175189%	2,566,628	1,138,249	225.49%	59.20%
2016	0.179020%	2,341,322	1,101,160	212.62%	62.10%
2015	0.167187%	1,751,823	969,771	180.64%	66.60%

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

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

See Note to the Required Supplementary Information

NOTE 1 CHANGES OF ASSUMPTIONS

TFFR

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.

BradyMartz

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

To the Board of Directors
Grenora Public School District No.99
Grenora, North Dakota

We were engaged to audit the statement of net position, the balance sheet and the statement of fiduciary net position of the governmental activities, each major fund and the aggregate remaining fund information, 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, of Grenora Public School District as of June 30, 2021, and have issued our report thereon dated February 15, 2024. Our report disclaims an opinion on the statement of activities, the statement of revenues, expenditures and changes in fund balance, the statement of changes in fiduciary net position, and the related notes to the financial statements because we were unable to obtain sufficient appropriate audit evidence.

Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements listed in the first paragraph, we considered Grenora Public School District's internal control over financial reporting (internal control) as a basis for audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grenora Public School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Grenora 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 responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 deficiencies described in the accompanying schedule of findings and responses as items 2021-002, 2021-003 and 2021-004 to be material weaknesses.

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 deficiency described in the accompany schedule of findings and responses as item 2021-001 to be a significant deficiency.

Compliance And Other Matters

In connection with our engagement to audit the financial statements of Grenora Public School District's, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2021-004.

Additionally, if the scope of our work had been sufficient to enable us to express opinions on the statement of activities, statement of revenues, expenditures and changes in fund balance and statement of changes in fiduciary net position, other instances of noncompliance or other matters may have been identified and reported herein.

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

Purpose Of This Report

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

Brady Martz

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

February 15, 2024

2021-001: Significant Deficiency - Segregation of Duties

Criteria
A proper system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation. To provide reasonable assurance that segregation of duties take place while also taking into account the size of the District.

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

Cause
The District 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 District 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
In the fall of 2020 the finance committee started reviewing/comparing all bills to the check report and verify that all credit card statements have receipts. Starting November 2020 all checks have been hand signed by the school board president and business manager immediately after the finance committee has reviewed and the board approved. Also in 2020 prior to purchasing all purchases have been approved by administration and business manager through an evolving requisition and purchase order system.

2021-002: Material Weakness - Preparation of the Financial Statements

Criteria
An appropriate system of internal control requires the District to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition
The entity's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the District currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The District has elected to have the auditors assist in the preparation of the financial statements and note.

Cause
The District elected to not allocate resources for the preparation of the financial statements.

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

Recommendation
We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note 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
Starting 2023 Regular bank reconciliations will be done so balance sheets and presented expenses and revenue reports are accurately reviewed. In 2021 CREA accountants were hired to produce accurate spreadsheets of bank recs. Extensive time and effort has gone into remedy the differences between the software and bank.

2021-003: Material Weakness - Proposition of Journal Entries

Criteria
The District is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition
During our audit, adjusting entries to the financial statements were proposed in order to properly reflect the financial statements in accordance with GAAP.

Cause
The District's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with GAAP.

Effect
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.

Views of Responsible Officials and Planned Corrective Actions
Monthly bank reconciliations in software to account for bank transactions ensuring the balance sheet is correctly presented for all GL accounts.

2021-004: Material Weakness – Insufficient Control System

Criteria
The District should establish and maintain an internal control environment that operates effectively through a period in order to provide reasonable assurance regarding the reliability of its financial statement and compliance with the requirements of laws and regulations. The five components of internal control – control environment, risk assessment, control activities, information and communication, and monitoring – need to be properly designed, implemented, and operating effectively in order to meet the objectives of internal control.

Condition
We noted deficiencies in the design, implementation, and operation of the five components of internal control for the District. More specifically, we noted the following deficiencies.

Cash Accounts
- Bank reconciliations were not being done timely or on a monthly basis.
- Noted several posting errors in the cash activity including transposed deposit amounts, transfers not recorded, deposits and checks not recorded at all. Amounts recorded in the general ledger should be recorded as they are on the bank statement. There were numerous differences between the bank activity and what was recorded in the general ledger.
- The bank reconciliations aren't being printed out or reviewed by a party that is separate from the reconciliation function. We also recommend that a separate party like the superintendent review the bank statements monthly to look for any unusual or out of the ordinary activity.

Accounts Receivable and Payable
- Receivables and payables were not set up properly at year end. At the end of the fiscal year, receipts and invoices to be paid should be reviewed and recorded to ensure they are recorded in the proper period.

Capital Assets
- The depreciation schedule for each fiscal year wasn't updated to properly reflect any current year additions or disposals.

Journal Entries
- When reviewing the journal entries, we noted there was a lack of support for the journal entries and no other party was reviewing them to ensure their purpose and if they were accurate.

Financial close and reporting process
- A proper process isn't in place at year end to properly prevent or detect material misstatements. There are large debit balances in liability accounts, the cash balances are not reconciled timely or accurately, and mis-codings were noted in various income statement accounts.

Cash Disbursement testing
- During our disbursement testing, there was one instance where a supporting invoice for a purchase was unable to be obtained.

Cause
There is a lack of a review function to ensure that accurate financial data is being reported.

Effect
A well designed and implemented control structure assists an entity in achieving its' financial objectives and prevents or detects misstatements in its' financial information in a timely manner. Without adequate controls in place, the District is at risk that a misstatement – either through error or fraud – may exist and not be detected in a timely manner.

Recommendation
We recommend that the District improve its controls and monitoring function to ensure that the financial data is accurate and timely. This should include a review of the bank reconciliations monthly by a separate party to ensure they are getting performed and are accurate.

Views of Responsible Officials and Planned Corrective Actions
Bank statements will be reviewed and compared alongside software reconciliations by Mr. Rudningen and he will sign off once completed. Will work on updating to get depreciation schedule up to date. In November of 2021 the School Board approved annual audits. Starting fall of 2023 Superintendent and business manager will work on all journal entries together. The finance committee will review a journal entry report as Journal entries are made. Since this audit we will be able to get verification of two check signatures on all checks from both banks. Starting 2023 we are also documenting all additional contracts to verify payrolls.