NORTH DAKOTA
OFFICE OF THE
STATE AUDITOR

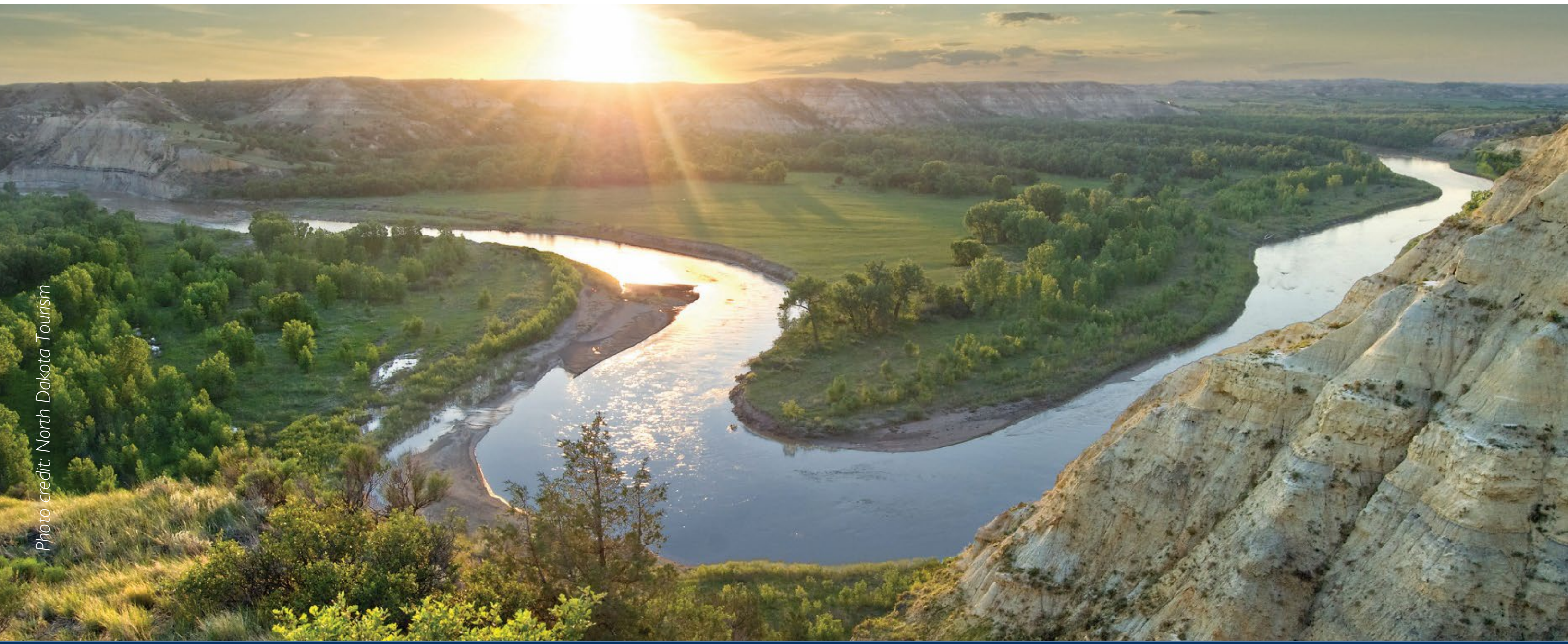
State Auditor Joshua C. Gallion

Lisbon Public School District No.19

Lisbon, North Dakota

Audit Report for the Years Ended June 30, 2021 and June 30, 2020

School District Code: PS37300



Office of the
State Auditor

Lisbon Public School District No.19

Table of Contents

For the Years Ended June 30, 2021 and June 30, 2020

SCHOOL DISTRICT OFFICIALS

At June 30, 2021

Mark Qual	President
Liz Anderson	Vice-President
Lance Gulleson	Board Member
Brenna Welton	Board Member
Chad Johnson	Board Member
Steven Johnson	Superintendent
Lori Lyons	Business Manager

At June 30, 2020

Mark Qual	President
Liz Anderson	Vice-President
Lance Gulleson	Board Member
Brenna Welton	Board Member
Chad Johnson	Board Member
Steven Johnson	Superintendent
Lori Lyons	Business Manager

AUDIT PERSONNEL

Heath Erickson, CPA	Audit Manager
Brian Hermanson	Audit In-Charge

STATE AUDITOR
Joshua C. Gallion

www.nd.gov/auditor

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. Boulevard Ave. Dept. 117
Bismarck, North Dakota, 58505

PHONE
701-328-2241

FAX
701-328-2345

ndsao@nd.gov

INDEPENDENT AUDITOR'S REPORT

Lisbon Public School Board
Lisbon Public School District No.19
Lisbon, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Public School District No. 19, Lisbon, North Dakota, as of and for the years ended June 30, 2021 and June 30, 2020, and the related notes to the financial statements, which collectively comprise the Lisbon Public School District No. 19's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Public School District No. 19, Lisbon, North Dakota, as of June 30, 2021 and June 30 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, Lisbon Public School District No. 19 adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The *schedule of expenditures of federal awards* and *notes to the schedule of expenditures of federal awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022 on our consideration of Lisbon Public School District No. 19's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lisbon Public School District No. 19's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 28, 2022

	Governmental Activities
ASSETS:	
Cash and Investments	$ 4,400,564
Accounts Receivable	97,206
Intergovernmental Receivable	146,362
Due From County	4,113
Taxes Receivable	84,353
Capital Assets	
Non Depreciable	3,706,573
Depreciable, Net	7,300,369
Total Assets	$ 15,739,540
DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pension and OPEB	$ 2,987,911
Total Assets & Deferred Outflows of Resources	$18,727,451
LIABILITIES:	
Accounts Payable	$ 113,108
Salaries Payable	499,669
Benefits Payable	22,643
Interest Payable	27,816
Retainages Payable	10,000
Long-Term Liabilities	
Due Within One Year	
Long Term Debt	142,997
Compensated Absences Payable	15,438
Due After One Year	
Long Term Debt	2,799,448
Compensated Absences Payable	36,023
Net Pension Liability	10,017,811
Total Liabilities	$ 13,684,953
DEFERRED INFLOWS OF RESOURCES:	
Derived from Pension and OPEB	$ 1,183,275
Total Liabilities and Deferred Inflows of Resources	$ 14,868,228
NET POSITION:	
Net Investment in Capital Assets	$ 8,064,497
Restricted for	
Debt Service	174,152
Capital Projects	1,303,694
Special Purpose	294,063
Unrestricted	(5,977,183)
Total Net Position	$ 3,859,223

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT No.19

Statement of Activities

For the Year Ended June 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Regular Instruction	$ 3,529,223	$ -	$ -	$(3,529,223)
Special Education	776,953	-	-	(776,953)
Vocational Education	431,266	-	-	(431,266)
Federal Programs	549,345	-	568,897	19,552
District Wide Services	523,990	-	-	(523,990)
Administration	1,068,114	-	-	(1,068,114)
School Food Services	460,034	249,918	467,058	256,942
Operations and Maintenance	1,047,297	-	-	(1,047,297)
Transportation	579,905	-	96,844	(483,061)
Co-Curricular Activities	393,165	-	-	(393,165)
Other Activities	233,850	-	-	(233,850)
Interest on Long Term Debt	71,097	-	-	(71,097)
Fiscal Charges	800	-	-	(800)
Total Governmental Activities	$ 9,665,039	$ 249,918	$ 1,132,799	$(8,282,322)

General Revenues:	
Property taxes; levied for general purposes	$ 1,398,838
Property taxes; levied for debt service	19,393
Property taxes; levied for building purposes	387,695
State Grants/Aid - Unrestricted	5,743,018
Interest Income	5,109
Rental Income	3,218
Donations	54,817
Miscellaneous Income	261,346
Net Loss on Sale of Capital Assets	(42,217)
Total General Revenues	$ 7,831,217
Changes in Net Position	$ (451,105)
Net Position - July 1	$ 4,310,328
Net Position - June 30	$ 3,859,223

The notes to the financial statements are an integral part of this statement.

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 2,565,137	$ 1,368,247	$ 467,180	$ 4,400,564
Accounts Receivable	97,206	-	-	97,206
Intergovernmental Receivable	146,362	-	-	146,362
Due from County Treasurer	3,240	818	55	4,113
Taxes Receivable	64,882	18,395	1,076	84,353
Total Assets	$ 2,876,827	$ 1,387,460	$ 468,311	$ 4,732,598
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 29,342	$ 83,766	$ -	$ 113,108
Salaries Payable	499,669	-	-	499,669
Benefits Payable	22,547	-	96	22,643
Total Liabilities	$ 551,558	$ 83,766	$ 96	$ 635,420
Deferred Inflows of Resources:				
Uncollected Taxes Receivable	$ 64,882	$ 18,395	$ 1,076	$ 84,353
Total Liabilities and Deferred Inflows of Resources	$ 616,440	$ 102,161	$ 1,172	$ 719,773
Fund Balances				
Restricted				
Debt Service	$ -	$ -	$ 173,077	$ 173,077
Capital Projects	-	1,285,299	-	1,285,299
Student Activity	-	-	124,579	124,579
Scholarships	-	-	34,629	34,629
Assigned				
Food Service	-	-	134,854	134,854
Unassigned	2,260,387	-	-	2,260,387
Total Fund Balances	$ 2,260,387	$ 1,285,299	$ 467,139	$ 4,012,825
Total Liabilities and Fund Balances	$ 2,876,827	$ 1,387,460	$ 468,311	$ 4,732,598

The notes to the financial statements are an integral part of this statement.

Total Fund Balances for Governmental Funds		$ 4,012,825
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		11,006,942
Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.		84,353
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions & OPEB	$ 2,987,911	
Deferred Inflows Related to Pensions & OPEB	(1,183,275)	1,804,636
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net position.		
Long Term Debt	$(2,942,445)	
Interest Payable	(27,816)	
Compensated Absences Payable	(51,461)	
Retainage Payable	(10,000)	
Net Pension & OPEB Liability	(10,017,811)	(13,049,533)
Total Net Position- Governmental Activities		$ 3,859,223

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT No.19

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	$ 1,508,093	$ 392,537	$ 270,461	$ 2,171,091
State Sources	5,839,862	-	1,707	5,841,569
Federal Sources	568,897	-	465,350	1,034,247
Other Sources	233,408	1,055	-	234,463
Total Revenues	$ 8,150,260	$ 393,592	$ 737,518	$ 9,281,370
EXPENDITURES				
Current				
Regular Instruction	$ 3,338,307	$ -	$ -	$ 3,338,307
Special Education	758,440	-	-	758,440
Vocational Education	426,243	-	-	426,243
Federal Programs	545,104	-	-	545,104
District Wide Services	457,205	-	-	457,205
Administration	1,035,392	-	-	1,035,392
School Food Services	-	-	429,259	429,259
Operations and Maintenance	865,589	-	-	865,589
Transportation	493,521	-	-	493,521
Co-Curricular Activities	242,968	-	171,473	414,441
Other Activities	218,014	3,283	6,446	227,743
Capital Outlay	255,697	1,914,300	-	2,169,997
Debt Service				
Principal	19,489	-	192,565	212,054
Interest	833	-	47,355	48,188
Fiscal charges	-	-	800	800
Total Expenditures	$ 8,656,802	$ 1,917,583	$ 847,898	$ 11,422,283
Excess (Deficiency) of Revenues Over Expenditures	$ (506,542)	$(1,523,991)	$ (110,380)	$ (2,140,913)
OTHER FINANCING SOURCES (USES)				
Transfers In	$ 31,000	$ -	$ 364,500	$ 395,500
Sale of Capital Assets	9,706	-	-	9,706
Transfers Out	-	(364,500)	(31,000)	(395,500)
Total Other Financing Sources and Us	$ 40,706	$ (364,500)	$ 333,500	$ 9,706
Net Change in Fund Balances	$ (465,836)	$(1,888,491)	$ 223,120	$ (2,131,207)
Fund Balance - July 1	$ 2,726,223	$ 3,173,790	$ 244,019	$ 6,144,032
Fund Balance - June 30	$ 2,260,387	$ 1,285,299	$ 467,139	$ 4,012,825

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT No.19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds		$ (2,131,207)
The change in net postion reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.		
Capital Outlay	$ 2,293,279	
Depreciation Expense	(279,082)	2,014,197
In the statement of activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.		
Loss on Sale of Capital Assets	$ (42,217)	
Sale of Capital Assets	(9,706)	(51,923)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The issuance of long-term debt provides current financial resoruces to governmnetal funds, however, the debt principal issued increases liabilities in the statement of net position. This is the amount of debt repayment.		212,054
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net Change in Retainage Payable	$ 124,273	
Net Change in Compensated Absences	4,443	
Net Change in Bond Premium	4,691	
Net Change in Interest Payable	(27,600)	105,807
The net pension & OPEB liability, and related deferred outflows of resoruces and deferred inflows of resources are reported in the government wide statements; however activity related to these pension items do not involve current financial resources, and are not reprted in the funds.		
Net Change in Net Pension & OPEB Liability	$ (2,149,620)	
Net Change in Deferred Outflows of Resources	1,598,852	
Net Change in Deferred Inflows of Resources	(24,045)	(574,813)
Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the increase in taxes receivable.		(25,220)
Change in Net Position of Governmental Activities		$ (451,105)

The notes to the financial statements are an integral part of this statement.

	Governmental Activities
ASSETS:	
Cash and Investments	$ 7,080,361
Intergovernmental Receivable	163,216
Due From County	5,324
Taxes Receivable	109,573
Capital Assets	
Nondepreciable	1,630,615
Depreciable, Net	7,414,054
Total Assets	$ 16,403,143
DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pension and OPEB	$ 1,389,059
Total Assets & Deferred Outflows of Resources	$17,792,202
LIABILITIES:	
Accounts Payable	$ 620,177
Salaries Payable	437,790
Benefits Payable	46,902
Interest Payable	216
Retainages Payable	134,273
Long-Term Liabilities	
Due Within One Year	
Long Term Debt	216,746
Compensated Absences Payable	16,771
Due After One Year	
Long Term Debt	2,942,445
Compensated Absences Payable	39,133
Net Pension Liability	7,868,191
Total Liabilities	$ 12,322,644
DEFERRED INFLOWS OF RESOURCES:	
Derived from Pension and OPEB	$ 1,159,230
Total Liabilities and Deferred Inflows of Resources	$ 13,481,874
NET POSITION:	
Net Investment in Capital Assets	$ 5,885,478
Restricted for	
Debt Service	30,764
Capital Projects	3,197,027
Special Purpose	215,266
Unrestricted	(5,018,207)
Total Net Position	$ 4,310,328

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT No.19
Statement of Activities
For the Year Ended June 30, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Regular Instruction	$ 3,354,151	$ -	$ -	$(3,354,151)
Special Education	734,770	-	-	(734,770)
Vocational Education	291,776	-	-	(291,776)
Federal Programs	159,743	-	156,174	(3,569)
District Wide Services	393,038	-	-	(393,038)
Administration	999,909	-	-	(999,909)
School Food Services	383,726	414,070	146,296	176,640
Operations and Maintenance	793,960	-	-	(793,960)
Transportation	439,622	-	143,089	(296,533)
Co-Curricular Activities	542,207	-	-	(542,207)
Other Activities	142,502	-	-	(142,502)
Interest on Long Term Debt	3,863	-	-	(3,863)
Fiscal Charges	78,962	-	-	(78,962)
Total Governmental Activities	$ 8,318,229	$ 414,070	$ 445,559	$(7,458,600)

General Revenues:	
Property taxes; levied for general purposes	$ 1,401,879
Property taxes; levied for debt service	37,509
Property taxes; levied for building purposes	375,434
State Grants/Aid - Unrestricted	5,524,302
Interest Income	87,134
Rental Income	3,118
Donations	45,786
Miscellaneous Income	180,734
Total General Revenues	$ 7,655,896
Changes in Net Position	$ 197,296
Net Position - July 1	$ 3,960,031
Prior Period Adustment	$ 153,001
Net Position - July 1, as restated	$ 4,113,032
Net Position - June 30	$ 4,310,328

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT No.19
Balance Sheet – Governmental Funds
June 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 3,047,875	$ 3,787,772	$ 244,714	$ 7,080,361
Intergovernmental Receivable	163,216	-	-	163,216
Due from County Treasurer	4,153	1,068	103	5,324
Taxes Receivable	84,110	23,237	2,226	109,573
Total Assets	$ 3,299,354	$ 3,812,077	$ 247,043	$ 7,358,474
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 5,127	$ 615,050	$ -	$ 620,177
Salaries Payable	437,790	-	-	437,790
Benefits Payable	46,104	-	798	46,902
Total Liabilities	$ 489,021	$ 615,050	$ 798	$ 1,104,869
Deferred Inflows of Resources:				
Uncollected Taxes Receivable	$ 84,110	$ 23,237	$ 2,226	$ 109,573
Total Liabilities and Deferred Inflows of Resources	$ 573,131	$ 638,287	$ 3,024	$ 1,214,442
Fund Balances				
Restricted				
Debt Service	$ -	$ -	$ 28,754	$ 28,754
Capital Projects	-	3,173,790	-	3,173,790
Student Activity	-	-	104,331	104,331
Scholarships	-	-	30,777	30,777
Assigned				
Food Service	-	-	80,157	80,157
Unassigned	2,726,223	-	-	2,726,223
Total Fund Balances	$ 2,726,223	$ 3,173,790	$ 244,019	$ 6,144,032
Total Liabilities and Fund Balances	$ 3,299,354	$ 3,812,077	$ 247,043	$ 7,358,474

The notes to the financial statements are an integral part of this statement.

Total Fund Balances for Governmental Funds		$ 6,144,032
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		9,044,669
Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.		109,573
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions & OPEB	$ 1,389,059	
Deferred Inflows Related to Pensions & OPEB	(1,159,230)	229,829
Long-term liabilities are not due and paybale in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net position.		
Long Term Debt	$(3,159,191)	
Interest Payable	(216)	
Compensated Absences Payable	(55,904)	
Retainage Payable	(134,273)	
Net Pension & OPEB Liability	(7,868,191)	(11,217,775)
Total Net Position- Governmental Activities		$ 4,310,328

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT No.19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	$ 1,545,560	$ 389,445	$ 450,956	$ 2,385,961
State Sources	5,667,391	-	2,395	5,669,786
Federal Sources	156,174	-	143,902	300,076
Other Sources	152,530	-	-	152,530
Total Revenues	$ 7,521,655	$ 389,445	$ 597,253	$ 8,508,353
EXPENDITURES				
Current				
Regular Instruction	$ 3,119,220	$ -	$ -	$ 3,119,220
Special Education	709,235	-	-	709,235
Vocational Education	287,132	-	-	287,132
Federal Programs	155,174	-	-	155,174
District Wide Services	377,331	-	-	377,331
Administration	956,847	-	-	956,847
School Food Services	-	-	380,664	380,664
Operations and Maintenance	720,198	-	-	720,198
Transportation	432,264	-	-	432,264
Co-Curricular Activities	230,775	-	245,879	476,654
Other Activities	133,419	-	3,810	137,229
Capital Outlay	223,114	1,208,456	-	1,431,570
Debt Service				
Principal	18,789	-	21,849	40,638
Interest	1,426	-	2,221	3,647
Fiscal charges	-	78,762	200	78,962
Total Expenditures	$ 7,364,924	$ 1,287,218	$ 654,623	$ 9,306,765
Excess (Deficiency) of Revenues Over Expenditures	$ 156,731	$ (897,773)	$ (57,370)	$ (798,412)
OTHER FINANCING SOURCES (USES)				
Transfers In	$ 38,071	$ 200,000	$ 50,000	$ 288,071
Bond Proceeds	-	3,000,000	-	3,000,000
Bond Premium	-	93,831	-	93,831
Transfers Out	(288,071)	-	-	(288,071)
Total Other Financing Sources and Us	$ (250,000)	$ 3,293,831	$ 50,000	$ 3,093,831
Net Change in Fund Balances	$ (93,269)	$ 2,396,058	$ (7,370)	$ 2,295,419
Fund Balance - July 1	$ 2,819,492	$ 777,732	$ 98,605	$ 3,695,829
Prior Period Adjustment	$ -	$ -	$ 152,784	$ 152,784
Fund Balance - July 1, as Restated	$ 2,819,492	$ 777,732	$ 251,389	$ 3,848,613
Fund Balance - June 30	$ 2,726,223	$ 3,173,790	$ 244,019	$ 6,144,032

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT No.19

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds		$ 2,295,419
The change in net postion reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.		
Capital Outlay	$ 1,687,308	
Depreciation Expense	(285,065)	1,402,243
The proceeds of debt issuances are reported as other financing sources in governmental funds and contribute to change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bond Proceeds	$ (3,000,000)	
Bond Premium	(93,831)	
Repayment of Debt	40,638	(3,053,193)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net Change in Compensated Absences	$ (1,907)	
Net Change in Interest Payable	(216)	
Net Change in Retainage Payable	(134,273)	(136,396)
The net pension & OPEB liability, and related deferred outflows of resoruces and deferred inflows of resources are reported in the government wide statements; however activity related to these pension items do not involve current financial resources, and are not reprted in the funds.		
Net Change in Net Pension & OPEB Liability	$ 356,680	
Net Change in Deferred Outflows of Resources	(90,532)	
Net Change in Deferred Inflows of Resources	(584,097)	(317,949)
Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the increase in taxes receivable.		7,172
Change in Net Position of Governmental Activities		$ 197,296

The notes to the financial statements are an integral part of this statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lisbon Public School District No.19 (hereafter referred to as “School District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

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

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

Basis of Presentation

Government-wide statements. The statement of net position and the statement of activities display information about the School District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the School District’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

> *General Fund* - This is the School District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> *Capital Projects Fund* - This fund is used to account for financial resources to be used for acquisition or construction of major capital facilities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Under the terms of grant agreements, the School District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the School District's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

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

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of 3 months or less. Investments consists of mortgaged backed securities and municipal bonds.

Capital Assets

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

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

Assets	Years
Land	Indefinite
Permanent Buildings	50 Years
Temporary or Wood Buildings	10 Years
Buses - Vehicles	15 Years
Servers & Copiers	5 - 6 Years
Other Equipment	10 - 20 Years
Infrastructure	50 Years

Compensated Absences

Vested or accumulated sick leave for qualified employees is reported in the government-wide statement of net position. Upon termination of employment with the school district, compensation for unused sick leave earned and available is administered as follows:

Sick leave benefits are earned at the rate of 10 days per year for teachers. Unused sick leave may accumulate to a maximum of 120 days. Employees accumulating sick leave in excess of 120 days as of the end of the school year are reimbursed at a rate equivalent to $40 per day for all days exceeding 120 days. Employees may carry over a maximum of 120 days of sick leave at each year-end. Upon retirement or resignation, the school district will pay $30 per day for accumulated sick days for all teachers in good standing with 15 or more years of service to the School District.

Sick leave for support staff is accrued at the rate of 10 days per year cumulative to 40 days. The Superintendent, Business Manager, custodians, and office staff accrue sick leave at the rate of 10 days per year cumulative to 120 days. Upon retirement or resignation, the school district will pay $30 per day for accumulated sick days for all support staff and administrators in good standing with 25 or more years of service to the Lisbon School District.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

Pension

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

Other Post-Employment Benefits (OPEB)

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

Fund Balances

Fund Balance Spending Policy. It is the policy of the School District to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

Assigned Fund Balances. Assigned fund balances are shown by primary function on the balance sheet. Assigned fund balances are spendable or available for appropriation but has been tentatively embarked for some specific purpose by the board designee (such as Business Manager).

Restricted Fund Balances. Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3rd parties (state and federal governments for various grants & reimbursements).

Unassigned Fund Balances. Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

Net Position

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund and negative fund balances.

Interfund Transactions

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

All other interfund transactions, except reimbursements, are reported as transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

NOTE 2 PRIOR PERIOD ADJUSTMENTS

Net position/fund balance as of July 1, 2019, has been restated due to a fund reclassification and a capital asset adjustment. The adjustments to beginning net position/fund balance are below:

	Nonmajor Funds	Government Wide
Beginning Net Position/Fund Balance, as previously reported	$ 98,605	$ 3,960,031
Prior Period Adjustment		
Fund Classification	152,784	152,784
Capital Assets	-	217
Net Position/Fund Balance July 1, as restated	$ 251,389	$ 4,113,032

NOTE 3 PROPERTY TAXES

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; 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.

NOTE 4 RISK MANAGEMENT

The 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 joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The School District pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. For the School District the coverage by NDIRF is limited to losses of ten million dollars per occurrence for general liability, ten million for automobile, and $102,058 for public assets/mobile equipment and portable property.

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

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

NOTE 5 TRANSFERS

Transfers are used to move unrestricted general revenue to finance programs that accounts for in other funds in accordance with budget authority and to subsidize other programs.

NOTE 6 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the School District would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The School District does not have a formal policy regarding deposits that limits the amount it may invest in any one issuer.

In accordance with North Dakota Statutes, deposits must either be deposited with the Bank of North Dakota or in other financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities 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 School District, city, township, School District, park district, or other political subdivision of the state of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

At year ended June 30, 2021, the School District's carrying amount of deposits totaled $3,308,769 and the bank balances totaled $3,730,588. Of the bank balances, $523,263 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the School District's name.

At year ended June 30, 2020, the School District's carrying amount of deposits totaled $5,986,362, and the bank balances totaled $6,412,761. Of the bank balances, $522,685 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the School Districts' name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The School District does not have a formal deposit policy that limits maturities as a means of managing exposure to potential fair value losses arising from increasing interest rates.

As authorized in North Dakota Statutes, idle funds may be invested as follows:

(a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
(b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
(c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
(d) Obligations of the state.
(e) Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.

At June 30, 2021, the School District held investments in the amount of $1,077,835, which consists of mortgaged backed securities and municipal bonds, and are not considered deposits. The market value of the investments and their maturing dates can be seen below:

Investment Type	Total Fair Value	Less Than 1 Year	1-6 Years	6-10 Years	More Than 10 Years
Mortgage Backed Securities	$ 793,790	$ 106,235	$ 526,623	$ 152,055	$ 8,877
Municipal Bonds	284,045	219,501	64,544	-	-
Total	1,077,835	325,736	591,167	152,055	8,877

The school district also had a stock market investment with Computershare for RN Spolum Scholarship fund. As of June 30, 2021, and 2020, the market share of this investment was $23,263 and $22,685 respectively.

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The following table below presents the balances of assets measured at fair value on a recurring basis at June 30, 2021:

Assets	**Total**	**Quoted Prices In Active Markets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**
Mortgage Backed Securities	$ 793,790	$ -	$ 793,790	$ -
Municipal Bonds	284,045	-	284,045	-
Total	$ 1,077,835	$ -	$ 1,077,835	$ -

NOTE 8 CAPITAL ASSETS

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

Governmental Activities:	Balance Jul 1	Increases	Decreases	Balance Jun 30
Capital assets not being depreciated:				
Land	$ 46,882	$ 30,235	$ -	$ 77,117
Construction In Progress	1,583,733	2,045,723	-	3,629,456
Total Capital Assets, Not Being Depreciated	$ 1,630,615	$ 2,075,958	$ -	$ 3,706,573
Capital assets being depreciated:				
Buildings and Building Improvements	$ 10,516,733	$ -	$ -	$ 10,516,733
Vehicles	852,431	188,425	(96,494)	944,362
Equipment	456,341	28,895	-	485,236
Total Capital Assets, Being Depreciated	$ 11,825,505	$ 217,320	$ (96,494)	$ 11,946,331
Less Accumulated Depreciation for:				
Buildings and Building Improvements	$ 3,851,044	$ 185,322	$ -	$ 4,036,366
Vehicles	303,684	61,298	(44,570)	320,412
Equipment	256,723	32,461	-	289,184
Total Accumulated Depreciation	$ 4,411,451	$ 279,081	$ (44,570)	$ 4,645,962
Total Capital Assets Being Depreciated, Net	$ 7,414,054	$ (61,761)	$ (51,924)	$ 7,300,369
Governmental Activities - Capital Assets, Net	$ 9,044,669	$ 2,014,197	$ (51,924)	$ 11,006,942

The following is a summary of changes in capital assets for the year ended June 30, 2020:

Governmental Activities:	Restated Balance Jul 1	Increases	Decreases	Balance Jun 30
Capital assets not being depreciated:				
Land	$ 46,882	$ -	$ -	$ 46,882
Construction In Progress	10,863	1,572,870	-	1,583,733
Total Capital Assets, Not Being Depreciated	$ 57,745	$ 1,572,870	$ -	$ 1,630,615
Capital assets being depreciated:				
Buildings and Building Improvements	$ 10,516,733	$ -	$ -	$ 10,516,733
Vehicles	766,431	86,000	-	852,431
Equipment	442,903	28,438	(15,000)	456,341
Total Capital Assets, Being Depreciated	$ 11,726,067	$ 114,438	$ (15,000)	$ 11,825,505
Less Accumulated Depreciation for:				
Buildings and Building Improvements	$ 3,651,222	$ 199,822	$ -	$ 3,851,044
Vehicles	248,515	55,169	-	303,684
Equipment	241,648	30,075	(15,000)	256,723
Total Accumulated Depreciation	$ 4,141,385	$ 285,066	$ (15,000)	$ 4,411,451
Total Capital Assets Being Depreciated, Net	$ 7,584,682	$ (170,628)	$ -	$ 7,414,054
Governmental Activities - Capital Assets, Net	$ 7,642,427	$ 1,402,242	$ -	$ 9,044,669

Depreciation expense was charged to functions of the School District for 2021 and 2020 respectively as follows:

Depreciation by Function:	2021	2020
Administration	$ 7,024	$ 8,251
Instruction	99,389	111,714
Co-Curricular Activities	60,649	55,525
Food Service	30,775	31,500
Maintenance	23,420	21,919
Transportation	57,824	56,156
Total	$ 279,081	$ 285,065

NOTE 9 LONG-TERM LIABILITIES

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

Governmental Activities	Balance Jul 1	Increases	Decreases	Balance Jun 1	Due Within One Year
Long Term Debt					
State School Construction	$ 45,870	$ -	$ 22,565	$ 23,305	$ 23,305
G.O. Bonds Payable	3,000,000	-	170,000	2,830,000	115,000
Bond Premium	93,831	-	4,691	89,140	4,692
Capital Lease Payable	19,490	-	19,490	-	-
Total Long Term Debt	$ 3,159,191	$ -	$ 216,746	$ 2,942,445	$ 142,997
Compensated Absences Payable*	$ 55,904	$ -	$ 4,443	$ 51,461	$ 15,438
Net Pension Liability*	7,868,191	2,149,620	-	10,017,811	-
TOTAL	$ 11,083,286	$ 2,149,620	$ 221,189	$ 13,011,717	$ 158,435

During the year ended June 30, 2020, the following changes occurred in governmental activities long-term liabilities:

Governmental Activities	Balance Jul 1	Increases	Decreases	Balance Jun 1	Due Within One Year
Long Term Debt					
State School Construction	$ 67,719	$ -	$ 21,849	$ 45,870	$ 22,565
G.O. Bonds Payable	-	3,000,000	-	3,000,000	170,000
Bond Premium	-	93,831	-	93,831	4,691
Capital Lease Payable	38,279	-	18,789	19,490	19,490
Total Long Term Debt	$ 105,998	$ 3,093,831	$ 40,638	$ 3,159,191	$ 216,746
Compensated Absences Payable*	$ 53,998	$ 1,906	$ -	$ 55,904	$ 16,771
Net Pension Liability*	8,224,871	-	356,680	7,868,191	-
TOTAL	$ 8,384,867	$ 3,095,737	$ 397,318	$ 11,083,286	$ 233,517

* - The change in compensated absences and net pension & OPEB liability are shown as net changes because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

Debt service requirements on long-term debt is as follows:

GOVERNMENTAL ACTIVITIES					
Year Ending June 30	G.O. Bonds Pyayable		State School Loan		Bond Premium
	Principal	Interest	Principal	Interest	
2022	$ 115,000	$ 64,880	$ 23,305	$ 764	$ 4,692
2023	120,000	61,355	-	-	4,692
2024	125,000	57,680	-	-	4,692
2025	130,000	53,855	-	-	4,692
2026	130,000	49,955	-	-	4,692
2027-2031	715,000	194,000	-	-	23,458
2032-2036	795,000	115,525	-	-	23,458
2037-2041	700,000	30,782	-	-	18,764
TOTALS	$ 2,830,000	$ 628,032	$ 23,305	$ 764	$ 89,140

NOTE 10 OPERATING LEASES

The School District is engaged in various operating leases. Total lease payments made during 2020 and 2021 totaled $33,179 and $45,223, respectively. Future lease payments are as follows:

Year Ending June 30	Total Payments
2022	$ 44,778
2023	27,990
Total	$ 72,768

NOTE 11 PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At June 30, 2021 and June 30, 2020, for its respective proportionate share of the net pension liability, the following net pension liabilities were reported:

	Net Pension Liability
School District - 2021	$ 2,507,285
School District - 2020	866,724

The net pension liability was measured as of June 30, 2020 and June 30, 2019 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2021 and June 30, 2020, the entity had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30 Measurement Date	Pension Expense
School District - 2021	0.079697%	0.005749%	$ 474,076
School District - 2020	0.073948%	0.006202%	170,399

At June 30, 2021, the following deferred outflows of resources and deferred inflows of resources were reported related to pension from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 9,757	$ 127,046
Changes of Assumptions	1,344,063	222,207
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	80,922	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	120,320	5,330
Employer Contributions Subsequent to the Measurement Date	63,788	-
Total Deferred Outflows and Inflows of Resources	$ 1,618,850	$ 354,583

At June 30,2020, the following deferred outflows of resources and deferred inflows of resources were reported related to pension from the following sources:

2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 514	$ 157,294
Changes of Assumptions	323,872	278,072
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	15,100	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	82,512	14,101
Employer Contributions Subsequent to the Measurement Date	61,695	-
Total Deferred Outflows and Inflows of Resources	$ 483,693	$ 449,467

$63,788 and $61,695 were 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 years ended June 30, 2021 and June 30, 2020, respectively.

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

2021	$ 354,204
2022	314,915
2023	258,349
2024	273,011

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, net of investment expenses
Cost–of-living adjustments	None

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

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

Asset Class	Target Allocation	Long -Term Expected Real Rate of Return
Domestic Equity	30%	6.30%
International Equity	21%	6.85%
Private Equity	7%	9.75%
Domestic Fixed Income	23%	1.25%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.01%
Cash Equivalents	0%	0.00%

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

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

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

2021	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
Proportionate Share of the Net Pension Liability	$ 3,253,014	$ 2,507,285	$ 1,897,097

Pension Plan Fiduciary Net Position

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

<u>General Information about the TFFR Pension Plan</u>

North Dakota Teachers' Fund for Retirement TFFR

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

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

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

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% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

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

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

At June 30, 2021 and June 30, 2010, for its respective proportionate share of the net pension liability, the following net pension liabilities were reported:

	TFFR Liability
School District - 2021	$ 7,445,652
School District - 2020	6,946,102

The net pension liability was measured as of June 30, 2020 and June 30, 2019 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2021 and June 30, 2020, the entity had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30 Measurement Date	Pension Expense
School District - 2021	0.486484%	-0.017861%	$ 658,921
School District - 2020	0.504345%	-0.023205%	665,700

At June 30, 2021, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,535	$ 279,420
Changes of Assumptions	335,120	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	459,631	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	81,721	547,717
Employer Contributions Subsequent to the Measurement Date	460,942	-
Total Deferred Outflows and Inflows of Resources	$ 1,338,949	$ 827,137

At June 30, 2020, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 9,918	$ 250,687
Changes of Assumptions	246,876	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	97,774	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	111,118	457,346
Employer Contributions Subsequent to the Measurement Date	417,089	-
Total Deferred Outflows and Inflows of Resources	$ 882,775	$ 708,033

$460,942 and $417,089 were 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 years ended June 30, 2021 and June 30, 2020, respectively.

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

2021	$ 10,193
2022	38,986
2023	55,871
2024	31,161
2025	(72,328)
Thereafter	(13,012)

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, including inflation
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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	58%	6.9%
Global Fixed Income	23%	1.3%
Global Real Assets	18%	5.0%
Cash Equivalents	1%	0.0%

Discount Rate

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

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

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

2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 9,917,208	$ 7,445,652	$ 5,391,662

NOTE 12 OPEB PLAN

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

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

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

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

At June 30, 2021 and June 30, 2020, for its respective proportionate share of the net pension liability, the following net OPEB liabilities were reported:

	Net OPEB Liability
School District - 2021	$ 64,874
School District - 2020	55,365

The net OPEB liability was measured as of June 30, 2020 and June 30, 2019 respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on the its share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2021 and June 30, 2020 respectively, the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30 Measurement Date	OPEB Expense
School District - 2021	0.077121%	0.008189%	$ 11,227
School District - 2020	0.068932%	0.005328%	8,310

At June 30,2021, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,441	$ 1,555
Changes of Assumptions	8,698	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	2,231	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,277	-
Employer Contributions Subsequent to the Measurement Date	9,464	-
Total Deferred Outflows and Inflows of Resources	$ 30,111	$ 1,555

At June 30,2020, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,367	$ 1,730
Changes of Assumptions	6,599	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	62	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,684	-
Employer Contributions Subsequent to the Measurement Date	9,878	-
Total Deferred Outflows and Inflows of Resources	$ 22,590	$ 1,730

$9,464 and $9,878 were 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 OPEB liability in the years ended June 30, 2021 and June 30, 2020, respectively.

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

2021	$ 3,979
2022	4,555
2023	4,450
2024	3,792
2025	2,110
2026	206
Thereafter	19,092

Actuarial assumptions

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

Inflation	2.25%
Salary Increases	Not applicable
Investment Rate of Return	6.50%, net of investment expenses
Cost-of-Living Adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.00%
Domestic Fixed Income	40%	1.15%
International Equities	21%	6.45%

Discount rate

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

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate

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

2021	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Proportionate Share of the Net OPEB Liability	$ 85,084	$ 64,874	$ 47,784

NOTE 13 CONSTRUCTION COMMITMENTS

The School District had a construction project open at year-end:

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
Addition of Secured Entries	$ 1,769,081	$ 1,765,019	$ 10,000	$ 14,062

LISBON PUBLIC SCHOOL DISTRICT No.19

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources	$ 1,526,500	$ 1,526,500	$ 1,508,093	$ (18,407)
State Sources	5,720,885	5,720,885	5,839,862	118,977
Federal Sources	218,581	218,581	568,897	350,316
Other Sources	208,000	208,000	233,408	25,408
Total Revenues	$ 7,673,966	$ 7,673,966	$ 8,150,260	$ 476,294
EXPENDITURES				
Current:				
Regular Instruction	$ 3,355,260	$ 3,339,953	$ 3,338,307	$ 1,646
Special Education	688,367	688,367	758,440	(70,073)
Vocational Education	323,348	323,348	426,243	(102,895)
Federal Programs	217,888	559,923	545,104	14,819
District Wide Services	465,922	453,422	457,205	(3,783)
Administration	1,071,560	1,066,560	1,035,392	31,168
Operations and Maintenance	781,033	781,033	865,589	(84,556)
Transportation	457,010	457,010	493,521	(36,511)
Co-Curricular Activities	240,795	240,795	242,968	(2,173)
Other Programs & Services	220,180	220,180	218,014	2,166
Capital Outlay	283,000	366,500	255,697	110,803
Debt Service:				
Principal	19,489	19,489	19,489	-
Interest	726	726	833	(107)
Total Expenditures	$ 8,124,578	$8,517,306	$8,656,802	$ (139,496)
Excess (Deficiency) of Revenues Over Expenditures	$ (450,612)	$ (843,340)	$ (506,542)	$ 336,798
OTHER FINANCING SOURCES (USES)				
Transfers In	$ -	$ -	$ 31,000	$ 31,000
Sale of Capital Assets	-	-	9,706	9,706
Transfers Out	(50,000)	-	-	-
Total Other Financing Sources and Uses	$ (50,000)	$ -	$ 40,706	$ 40,706
Net Changes in Fund Balances	$ (500,612)	$ (843,340)	$ (465,836)	$ 377,504
Fund Balance - July 1	$ 2,726,223	$ 2,726,223	$ 2,726,223	$ -
Fund Balance - June 30	$ 2,225,611	$ 1,882,883	$ 2,260,387	$ 377,504

The accompanying required supplementary information notes are an integral part of this schedule.

LISBON PUBLIC SCHOOL DISTRICT No.19

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources	$ 1,578,797	$ 1,578,797	$ 1,545,560	$ (33,237)
State Sources	5,707,878	5,707,878	5,667,391	(40,487)
Federal Sources	142,779	142,779	156,174	13,395
Other Sources	146,100	146,100	152,530	6,430
Total Revenues	$ 7,575,554	$ 7,575,554	$ 7,521,655	$ (53,899)
EXPENDITURES				
Current:				
Regular Instruction	$ 3,147,529	$ 3,147,529	$ 3,119,220	$ 28,309
Special Education	675,225	675,225	709,235	(34,010)
Vocational Education	388,474	388,474	287,132	101,342
Federal Programs	156,174	156,174	155,174	1,000
District Wide Services	494,152	494,152	377,331	116,821
Administration	1,033,313	1,033,313	956,847	76,466
Operations and Maintenance	770,283	770,283	720,198	50,085
Transportation	455,110	455,110	432,264	22,846
Co-Curricular Activities	239,557	239,557	230,775	8,782
Other Programs & Services	144,612	144,612	133,419	11,193
Capital Outlay	200,000	200,000	223,114	(23,114)
Debt Service:				
Principal	18,789	18,789	18,789	-
Interest	1,426	1,426	1,426	-
Total Expenditures	$ 7,724,644	$7,724,644	$7,364,924	$ 359,720
Excess (Deficiency) of Revenues Over Expenditures	$ (149,090)	$ (149,090)	$ 156,731	$ 305,821
OTHER FINANCING SOURCES (USES)				
Transfers In	$ 51,322	$ 51,322	$ 38,071	$ (13,251)
Transfers Out	51,322	51,322	(288,071)	(339,393)
Total Other Financing Sources and Uses	$ 102,644	$ 102,644	$ (250,000)	$ (352,644)
Net Changes in Fund Balances	$ (46,446)	$ (46,446)	$ (93,269)	$ (46,823)
Fund Balance - July 1	$ 2,819,492	$ 2,819,492	$ 2,819,492	$ -
Fund Balance - June 30	$ 2,773,046	$ 2,773,046	$ 2,726,223	$ (46,823)

The accompanying required supplementary information notes are an integral part of this schedule.

Schedule of Employer’s Share of Net Pension Liability
ND Public Employee’s Retirement System
Last 10 Fiscal Years

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	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	0.079697%	$ 2,507,285	$ 879,154	285.19%	48.91%
2020	0.073948%	866,724	769,188	112.68%	71.66%
2019	0.067746%	1,143,288	695,962	164.27%	62.80%
2018	0.063700%	1,023,868	650,275	157.45%	61.98%
2017	0.062825%	612,291	633,126	96.71%	70.46%
2016	0.067781%	460,899	603,844	76.33%	77.70%
2015	0.070018%	444,419	589,818	75.35%	78.18%

Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	$ 62,252	$ 61,463	$ 789	$ 970,675	6.33%
2020	56,001	55,596	405	939,545	5.92%
2019	51,261	45,738	5,523	695,962	6.57%
2018	47,153	47,560	(407)	650,275	7.31%
2017	45,837	45,828	9	633,126	7.24%
2016	45,867	46,839	(972)	603,844	7.76%
2015	41,995	41,995	-	589,818	7.12%

The accompanying required supplementary information notes are an integral part of this schedule.

Schedule of Employer's Share of Net Pension Liability
North Dakota Teachers Fund for Retirement
Last 10 Fiscal Years

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	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	0.486484%	$ 7,445,652	$ 3,549,681	209.76%	63.40%
2020	0.504345%	6,946,102	3,538,121	196.32%	65.50%
2019	0.527550%	7,031,491	3,586,333	196.06%	65.50%
2018	0.521212%	7,158,987	3,518,035	203.49%	63.20%
2017	0.535765%	7,849,272	3,480,999	225.49%	59.20%
2016	0.525011%	6,866,384	3,229,368	212.62%	62.10%
2015	0.554582%	5,811,036	3,216,870	180.64%	66.60%

Schedule of Employer Contributions
North Dakota Teachers Fund for Retirement
Last 10 Fiscal Years

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	$ 452,588	$ 452,588	$ -	$ 3,502,836	12.92%
2020	451,110	451,110	-	3,154,335	14.30%
2019	457,258	457,258	-	3,586,333	12.75%
2018	448,550	448,550	-	3,518,035	12.75%
2017	443,827	443,827	-	3,480,999	12.75%
2016	411,725	411,725	-	3,229,368	12.75%
2015	345,810	345,810	-	3,216,870	10.75%

The accompanying required supplementary information notes are an integral part of this schedule.

Schedule of Employer's Share of Net OPEB Liability
ND Public Employees Retirement System
Last 10 Fiscal Years

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.077121%	$ 64,874	$ 879,154	7.38%	63.38%
2020	0.068932%	55,365	769,188	7.20%	63.13%
2019	0.063604%	50,092	695,962	7.20%	61.89%
2018	0.060108%	47,546	650,275	7.31%	59.78%

Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	$ 10,328	$ 9,828	$ 500	$ 970,675	1.01%
2020	8,946	8,901	45	939,545	0.95%
2019	8,163	7,323	840	695,962	1.05%
2018	7,559	7,615	(56)	650,275	1.17%

The accompanying required supplementary information notes are an integral part of this schedule.

NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

- The annual budget must be prepared and school district taxes must be levied on or before the fifteenth day of August of each year.

- The taxes levied must be certified to the county auditor by August twenty-fifth. The governing body of the school district may amend its tax levy and budget on or before the tenth day of October of each year but the certification must be filed with the county auditor within the time limitations as outlined in NDCC section 57-15-31.1.

- The operating budget includes proposed expenditures and means of financing them.

- Each budget is controlled by the superintendent and business manager at the revenue and expenditure function/object level.

- 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.

- All appropriations lapse at year-end.

NOTE 2 SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

NOTE 3 CHANGES OF BENEFIT TERMS

Pension

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

OPEB

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

NOTE 4 CHANGES OF ASSUMPTIONS

North Dakota Teachers Fund for Retirement

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.

Pension

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

- The investment return assumption was lowered from 7.50% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

OPEB

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

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

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

NOTE 5 LEGAL COMPLIANCE – BUDGETS

Budget Amendments

Lisbon Public School District Board amended the School District expenditures for fiscal year 2021 as follows:

	Original Budget	Amendments	Amended Budget
General Fund	$ 8,174,578	$ 342,728	$ 8,517,306

LISBON PUBLIC SCHOOL DISTRICT No. 19

Schedule of Expenditures of Federal Awards
For the Years Ended June 30, 2021 and 2020

Assistance Listing Number	Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	Fiscal Year 2020 Expenditures	Fiscal Year 2021 Expenditures	Total Expenditures
	U.S. DEPARTMENT OF AGRICULTURE				
	Passed through the North Dakota Department of Public Instruction				
	Child Nutrition Cluster				
10.553	School Breakfast Program	F10553	$ 18,124	$ -	$ 18,124
10.555	National School Lunch Program - Cash	F10555	62,155	-	62,155
10.555	National School Lunch Program - Commodities*	37019	27,526	27,595	55,121
10.559	Summer Food Service Program for Children	F10559	22,213	425,482	447,695
	Total Child Nutrition Cluster		$ 130,019	$ 453,077	$ 583,095
10.560	State Administrative Expenses for Child Nutrition	F10560A	$ 3,556	$ 1,937	$ 5,493
10.582	Fresh Fruit and Vegetable Program	F10582	10,327	10,337	20,664
	Total U.S Department of Agriculture		$ 143,902	$ 465,350	$ 609,252
	U.S. DEPARTMENT OF THE TREASURY				
	Passed through the North Dakota Department of Public Instruction				
21.019	COVID-19 - Coronavirus Relief Fund	F21019	$ -	$ 342,728	$ 342,728
	U.S. DEPARTMENT OF EDUCATION				
	Passed through the North Dakota Department of Public Instruction:				
84.010	Title I Grants to Local Educational Agencies	F84010	$ 102,244	$ 97,612	$ 199,856
84.367	Improving Teacher Quality State Grants	F84367	37,327	27,656	64,983
84.424A	Student Support and Academic Enrichment Program	F84424A	15,603	13,739	29,342
84.425D	COVID-19 - Education Stabilization Fund	F84425D	-	78,881	78,881
	Total U.S Department of Education		$ 155,174	$ 217,888	$ 373,062
	Total Expenditures of Federal Awards		$ 299,075	$ 1,025,966	$ 1,325,042

* - Noncash Assistance

See notes to the Schedule of Expenditures of Federal Awards

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Lisbon Public School District under programs of the federal government for the years ended June 30, 2021 and June 30, 2020. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Lisbon Public School District, it is not intended to and does not present the financial position or changes in net position of the Lisbon Public School District. Expenditures represent only the federally funded portions of the program. School District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 NON-CASH AWARDS

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

NOTE 4 INDIRECT COST RATE

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

NOTE 5 PASS-THROUGH GRANT NUMBER

For Federal Pass-through programs marked “N/A”, the Lisbon Public School District was unable to obtain a pass-through grant number.

STATE AUDITOR
Joshua C. Gallion

www.nd.gov/auditor

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. Boulevard Ave. Dept. 117
Bismarck, North Dakota, 58505

PHONE
701-328-2241

FAX
701-328-2345

ndsao@nd.gov

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*

Independent Auditor's Report

Lisbon Public School Board
Lisbon Public School District No.19
Lisbon, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Public School District No. 19, as of and for the years ended June 30, 2021 and June 30, 2020, and the related notes to the financial statements, which collectively comprise Lisbon Public School District No. 19's basic financial statements, and have issued our report thereon dated March 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lisbon Public School District No. 19's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lisbon Public School District No. 19's internal control. Accordingly, we do not express an opinion on the effectiveness of Lisbon Public School District No. 19's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lisbon Public School District No. 19's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 28, 2022

STATE AUDITOR
Joshua C. Gallion

www.nd.gov/auditor

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. Boulevard Ave. Dept. 117
Bismarck, North Dakota, 58505

PHONE
701-328-2241

FAX
701-328-2345

ndsao@nd.gov

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Lisbon Public School Board
Lisbon Public School District No.19
Lisbon, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Lisbon Public School District No. 19's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lisbon Public School District No. 19's major federal programs for the years ended June 30, 2021 and June 30, 2020. Lisbon Public School District No. 19's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lisbon Public School District No. 19's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lisbon Public School District No. 19's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lisbon Public School District No. 19's compliance.

Opinion on Each Major Federal Program

In our opinion, Lisbon Public School District No. 19 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended June 30, 2021 and June 30, 2020.

Report on Internal Control Over Compliance

Management of Lisbon Public School District No. 19 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lisbon Public School District No. 19's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lisbon Public School District No. 19's internal control over compliance.

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

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

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 28, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued:	
Governmental Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting

Material weaknesses identified?	____	Yes	X	None Noted
Significant deficiencies identified not considered to be material weaknesses?	____	Yes	X	None Noted
Noncompliance material to financial statements noted?	____	Yes	X	None Noted

Federal Awards

Internal Control Over Major Programs:

Material weaknesses identified?	____	Yes	X	None noted
Reportable conditions identified not considered to be material weaknesses?	____	Yes	X	None noted
Type of Auditor's Report Issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements?	____	Yes	X	None noted

Identification of Major Programs

ALN Number	Name of Federal Program or Cluster
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and B programs:	$ 750,000			
Auditee qualified as low-risk auditee?	____	Yes	X	No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Lisbon Public Schools

School District No. 19

502 Ash Street – PO Box 593
Lisbon, North Dakota 58054-0593 Phone: (701) 683-4106
High School Fax: (701) 683-4414
Middle School Fax: (701) 683-4111
Elementary School Fax: (701) 683-4415

"Providing Equal Opportunities for Employees and Students"

2019-001 FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS

Condition:

The Lisbon Public School District currently does not prepare the financial statements, including various adjusting entries and accompanying note disclosures, as required by generally accepted accounting principles (GAAP). Thus, management has elected to have the auditors assist in the preparation of the financial statements and note disclosures.

Recommendation:

We recommend the Lisbon Public School 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.

Current Status of Recommendation:
We have not implemented. We prefer the State Auditor's prepare for us.

2019-002 ACCOUNTS PAYABLE ADJUSTMENT – MATERIAL WEAKNESS

Condition:

Lisbon Public School District mistakenly included $84,592 of accounts payable in FY2018 when it should have been included in FY2019.

Recommendation:

We recommend Lisbon Public School District carefully review all accounts payable to ensure reliability and consistency for proper inclusion in the financial statements in each fiscal year according to GAAP.

Current Status of Recommendation:
We review all entries to the general ledger to ensure they are correctly included in each fiscal year in accordance with GAAP.

2019-003 LACK OF SEGREGATION OF DUTIES – SIGNIFICANT DEFICIENCY

Condition:

The Lisbon Public School District has one business manager responsible for the primary accounting functions. A lack of segregation of duties exists as one employee is responsible to collect monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger, perform bank reconciliations, and prepare financial statements.

Recommendation:

To mitigate the risk associated with this lack of segregation of duties, we will recommend the following:

- Expenditures, financial statements, bank reconciliations, credit memos, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

Current Status of Recommendation:

We have hired an assistant business manager to assist in the above duties and ensure proper segregation of duties.

2019-004 FRUAD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY

Condition:

Lisbon Public School District does not currently prepare a fraud risk assessment of the entire entity.

Recommendation:

We recommend Lisbon Public School District prepare a fraud risk assessment in order to identify areas of concern within entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

Current Status of Recommendation:
We have completed a fraud risk assessment for the school district.

STATE AUDITOR
Joshua C. Gallion

www.nd.gov/auditor

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. Boulevard Ave. Dept. 117
Bismarck, North Dakota, 58505

PHONE
701-328-2241

FAX
701-328-2345

ndsao@nd.gov

GOVERNANCE COMMUNICATION

Lisbon Public School Board
Lisbon Public School District No.19
Lisbon, North Dakota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Public School District No.19, North Dakota, and the respective changes in financial position for the years ended June 30, 2021 and June 30, 2020 which collectively comprise Lisbon Public School District No.19's basic financial statements, and have issued our report thereon dated March 28, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards

As stated in our engagement letter dated October 4, 2021, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

In planning and performing our audit, we considered Lisbon Public School District No.19's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the effectiveness of internal control over financial reporting.

As part of obtaining reasonable assurance about whether Lisbon Public School District No.19's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about Lisbon Public School District No.19's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the purpose of expressing an opinion on Lisbon Public School District No.19's compliance with those requirements over the major federal programs. While our audit provides a reasonable basis for our opinion over compliance for the major federal programs, it does not provide a legal determination on Lisbon Public School District No.19's compliance with those requirements.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Lisbon Public School District No.19 are described in Note 1 to the financial statements. Application of existing policies was not changed during the years ended June 30, 2021 and June 30, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 28, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Lisbon Public School District No.19's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the School Board and management of Lisbon Public School District No.19, is not intended to be, and should not be used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Lisbon Public School District No.19 for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Lisbon Public School District No.19.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 28, 2022

Office of the State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE
600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505

ND.gov/Auditor   NDSAO@nd.gov   701-328-2241   Facebook.com/NDStateAuditor