ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
ST. JOHN, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
ROSTER OF SCHOOL OFFICIALS - UNAUDITED
JUNE 30, 2021

Bernie Belgarde	President
Rusty Cain	Vice-President
Amy Gourneau	Board Member
Alan Berginski	Board Member
Monti LaVallie	Board Member
Paul Frydenlund	Superintendent
Mary Vandal	Business Manager

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
St. John Public School District No. 3
St. John, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of St. John Public School District No. 3, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of St. John Public School District No. 3 as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 15 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. As discussed in Note 15 to the financial statements, the District has restated the previously reported Net Position and Fund Balances in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

March 25, 2022

The discussion and analysis of St. John Public School District's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of the District decreased $569,994 as a result of the current year's operations.
- Governmental net position totaled $842,170.
- Total revenues from all sources were $8,995,536.
- Total expenses were $9,565,530.
- The District's general fund had $8,366,583 in total revenues, $8,572,664 in expenditures and $67,525 in other financing uses. Overall, the general fund balance decreased by $138,556 for the year ended June 30, 2021.

Using this Annual Report

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand St. John Public School District No. 3 as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during the year ended June 30, 2021?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred inflows and outflows of resources, and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in its net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in North Dakota, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and Building Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Financial Analysis of the District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2021.

As indicated in the financial highlights, the District's net position decreased by $569,994. Long-term liabilities increased by $2,283,541 for the year ended June 30, 2021 primarily due to changes in the net pension liability. Net position may serve over time as a useful indicator of the District's financial position.

The District's net position of $842,170 is segregated into three separate categories. Net position invested in Capital Assets (net of related debt) represents 503% of the District's entire net position. It should be noted that these assets are not available for future spending. Restricted net position represents 42% of the District's net position. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted net position represents (456)% of the District's net position. The unrestricted net position is available to meet the District's ongoing obligations.

Table 1

	2021	2020
Assets		
Current Assets	$ 3,307,315	$ 4,017,273
Capital Assets (Net of Accumulated Depreciation)	6,251,729	5,566,684
Total Assets	9,559,044	9,583,957
Deferred Outflows of Resources	3,222,067	1,348,343
Liabilities		
Current Liabilities	255,787	291,578
Non-Current Liabilities	11,024,169	8,610,225
Total Liabilities	11,279,956	8,901,803
Deferred Inflows of Resources	658,985	740,233
Net Position		
Net Investment in Capital Assets	4,235,627	3,163,650
Restricted	439,042	1,649,462
Unrestricted	(3,832,499)	(3,522,848)
Total Net Position	$ 842,170	$ 1,290,264

Table 2 shows the changes in net position for the fiscal year ended June 30, 2021.

Table 2

	2021	2020
Revenues		
Program Revenues		
Charges for Services	$ 239,043	$ 89,460
Operating Grants and Contributions	4,966,628	4,359,554
General Revenues		
Property Taxes	223,848	308,139
State Aid - Formula Grants	3,564,996	3,334,620
Investment Earnings	1,021	10,204
Total Revenues	8,995,536	8,101,977
Expenses		
Business Support Services	365,319	356,870
Instructional Support Services	160,395	159,967
Administration	662,502	593,975
Operations and Maintenance	780,115	1,140,139
Transportation	566,237	366,564
Regular Instruction	5,434,038	4,100,694
Special Education	462,905	365,052
Vocational Education	280,712	254,208
Extra-Curricular Activities	286,475	188,943
Food Services	435,243	442,816
Interest and Fees on Long-Term Debt	131,589	86,378
Total Expenses	9,565,530	8,055,606
Change in Net Position	(569,994)	46,371
Net Position - Beginning	1,290,262	1,243,891
GASB 84 Adjustment, See Note 15	121,902	-
Net Position - Beginning as Restated	1,412,164	1,243,891
Net Position - Ending	$ 842,170	$ 1,290,262

Operating grants and contributions constituted 55%, state aid 39%, property taxes 2%, charges for services made up 3%, and interest income made up less than 1% of the total revenues of governmental activities of the District for fiscal year 2021.

Regular instruction comprised 57% of District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table 3

	Total Cost for Year Ended 6/30/2021	Net Cost for Year Ended 6/30/2021	Total Cost for Year Ended 6/30/2020	Net Cost for Year Ended 6/30/2020
Business Support Services	$ 365,319	$ (365,319)	$ 356,870	$ (356,870)
Instructional Support Services	160,395	(160,395)	159,967	(159,967)
Administration	662,502	(662,502)	593,975	(593,975)
Operations and Maintenance	780,115	(780,115)	1,140,139	(1,140,139)
Transportation	566,237	(358,536)	366,564	(52,531)
Regular Instruction	5,434,038	(1,045,621)	4,100,694	(487,392)
Special Education	462,905	(462,905)	365,052	(365,052)
Vocational Education	280,712	(247,682)	254,208	(233,571)
Extra-Curricular Activities	286,475	(286,475)	188,943	(188,943)
Food Services	435,243	141,280	442,816	58,226
Interest and Fees on Long-Term Debt	131,589	(131,589)	86,376	(86,376)
Total Expenses	$ 9,565,530	$ (4,359,859)	$ 8,055,604	$ (3,606,590)

Business support services and administration include expenses associated with administrative and financial supervision of the District.

Instructional support services include the activities involved with assisting staff with the content and process of teaching to pupils.

Administration includes payroll expenses for the Superintendent and for the School Board members as well as other benefit expenses.

Operations and maintenance of plant activities involve maintaining the school grounds, buildings, and equipment in an effective working condition.

Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Regular Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Special education includes costs that support the education of students with other needs.

Vocational education includes expenditures that support the teaching of vocational type instruction.

Extra-curricular activities include expenses related to student activities provided by the District, which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Food Services include expenses directly dealing with providing breakfast and lunch service to students and staff of the District.

Interest and fees on long-term debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

Financial Analysis of the District's Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally may be used as a measure of the District's net resources available for spending at the end of the fiscal year. These funds are accounted for by using the modified accrual basis of accounting. The District's governmental funds had total revenues of $8,998,090 and expenditures of $9,992,525 for the year ended June 30, 2021. As of June 30, 2021, the unassigned fund balance of the District's general fund was $2,273,446.

Budget Highlights

During the course of the 2021 fiscal year, the District's general fund received $912,711 more revenues and incurred $887,730 more expenditures than budgeted. This is primarily the result of more federal, state, and local income received during the year as well as more capital outlay and debt service incurred than anticipated during the budgeting process.

Capital Assets

As of June 30, 2021, the District had $6,251,729 invested in capital assets, net of accumulated depreciation. Table 4 shows balances as of June 30, 2021 (see Note 4 for details).

Table 4

Construction in Progress	$ 71,538
Buildings	5,346,593
Equipment	372,819
Vehicles	460,779
Total	$ 6,251,729

Long-Term Liabilities:

As of June 30, 2021, the District had $11,111,317 in outstanding long-term liabilities. The District increased its long-term liabilities by $4,604,134 from June 30, 2020 (See Note 5). See below for a description of the District's long-term liabilities:

	Balance 7/1/2020	Additions	Retirements	Balance 6/30/2021	Due in One Year
2001 General Obligation Building Fund Levy Bond	$ 10,973	$ -	$ 10,973	$ -	$ -
Lease Revenue Bond, Series 2012	2,245,000	-	2,245,000	-	-
Refunding Bond, Series 2021	-	1,835,000	-	1,835,000	-
Bell State Bank & Trust - Bus Lease	15,917	-	15,917	-	-
United Lease and Finance, Inc. - Bus Lease	44,861	-	13,865	30,996	14,511
United Lease and Finance, Inc. - Bus Lease	73,497	-	22,052	51,445	23,101
Compensated Absences	-	42,139	-	42,139	42,139
Net OPEB Liability	57,507	128	-	57,635	-
Net Pension Liability	6,367,235	2,638,107	-	9,005,342	-
2012 Bond Premium	12,786	-	12,786	-	-
2021 Bond Premium	-	88,760	-	88,760	7,397
Total	$ 8,827,776	$ 4,604,134	$ 2,320,593	$ 11,111,317	$ 87,148

For the Future:

St. John School District will continue to evaluate our financial status based on the demographics and needs of the District. Staffing will be based on current and projected enrollment and resources needed to assist our families. The District has added staff at different levels due to the availability of federal dollars to assist with the costs. The impact of COVID on the 2020 to 2022 school years has placed an additional financial demand on the District. ESSER dollars have been used to assist with the additional costs in preventive resources, a sustained evaluation of needs will result in determining allocations to keep our students and staff safe.

Contacting the District's Financial Management:

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. You may request a copy of this report by contacting Mary Vandal, Business Manager, St. John Public School District, 400 Foussard Ave, St. John, ND 58369, or email at mary.vandal@k12.nd.us.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Current Assets:	
Cash	$ 1,634,725
Prepaid Insurance	98,622
Property Taxes Receivable (Net)	26,186
Due from State	1,515,156
Due from Other Local Governments	32,626
Total Current Assets	3,307,315
Non-Current Assets:	
Capital Assets	
Buildings	11,455,025
Equipment	1,743,938
Vehicles	1,025,869
Construction in Progress	71,538
Less Accumulated Depreciation	(8,044,641)
Total Non-Current Assets	6,251,729
TOTAL ASSETS	9,559,044
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	1,725,814
Cost Sharing Defined Benefit Pension Plan - NDPERS	1,472,099
Cost Sharing Defined Benefit OPEB Plan - NDPERS	24,154
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,222,067
LIABILITIES	
Current Liabilities:	
Accounts Payable	109,334
Accrued Payroll and Benefits	49,404
Interest Payable	9,901
Compensated Absences	42,139
Capital Leases Payable	37,612
Bonds Due Within a Year	7,397
Total Current Liabilities	255,787
Long-Term Liabilities:	
Capital Leases Payable (Net of Current Portion)	44,829
Bonds Payable (Net of Current Portion)	1,916,363
Net OPEB Liability	57,635
Net Pension Liability	9,005,342
Total Non-Current Liabilities	11,024,169
TOTAL LIABILITIES	11,279,956
DEFERRED INFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	287,654
Cost Sharing Defined Benefit Pension Plan - NDPERS	366,312
Cost Sharing Defined Benefit OPEB Plan - NDPERS	5,019
TOTAL DEFERRED INFLOWS OF RESOURCES	658,985
NET POSITION	
Net Investment in Capital Assets	4,235,627
Restricted for:	
Student Activities	86,533
Building	352,509
Unrestricted	(3,832,499)
TOTAL NET POSITION	$ 842,170

See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES				
Business Support Services	$ 365,319	$ -	$ -	$ (365,319)
Instructional Support Services	160,395	-	-	(160,395)
Administration	662,502	-	-	(662,502)
Operations and Maintenance	780,115	-	-	(780,115)
Transportation	566,237	-	207,701	(358,536)
Regular Instruction	5,434,038	155,043	4,233,374	(1,045,621)
Special Education	462,905	-	-	(462,905)
Vocational Education	280,712	-	33,030	(247,682)
Extra-Curricular Activities	286,475	-	-	(286,475)
Food Services	435,243	84,000	492,523	141,280
Interest and Fees on Long-Term Debt	131,589	-	-	(131,589)
TOTAL GOVERNMENTAL ACTIVITIES	$ 9,565,530	$ 239,043	$ 4,966,628	(4,359,859)
GENERAL REVENUES				
Property Taxes, Levied for General Purposes				168,979
Property Taxes, Levied for Capital Projects				54,869
Aids and Payments from the State				3,564,996
Unrestricted Investment Earnings				1,021
TOTAL GENERAL REVENUES				3,789,865
Change in Net Position				(569,994)
Net Position - Beginning (Originally Stated)				1,290,262
Prior Period Adjustment - See Note 15				121,902
Net Position - Beginning (Restated)				1,412,164
Net Position - Ending				$ 842,170

See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Building Fund	(Nonmajor) Food Service Fund	Total Governmental Funds
ASSETS				
Cash	$ 986,171	$ 322,603	$ 325,951	$ 1,634,725
Prepaid Insurance	98,622	-	-	98,622
Property Taxes Receivable (Net)	21,016	5,170	-	26,186
Due from Other Funds	-	29,936	-	29,936
Due from State	1,515,133	23	-	1,515,156
Due from Other Local Governments	32,626	-	-	32,626
TOTAL ASSETS	$ 2,653,568	$ 357,732	$ 325,951	$ 3,337,251
LIABILITIES				
Accounts Payable	$ 96,649	$ 5,223	$ 7,462	$ 109,334
Accrued Payroll and Benefits	49,404	-	-	49,404
Due to Other Funds	29,936	-	-	29,936
TOTAL LIABILITIES	175,989	5,223	7,462	188,674
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Uncollected Taxes	18,978	4,716	-	23,694
TOTAL DEFERRED INFLOWS OF RESOURCES	18,978	4,716	-	23,694
FUND BALANCES				
Nonspendable - Prepaids	98,622	-	-	98,622
Restricted for:				
Building Fund	-	347,793	-	347,793
Student Activities	86,533	-	-	86,533
Committed	-	-	318,489	318,489
Unassigned	2,273,446	-	-	2,273,446
TOTAL FUND BALANCES	2,458,601	347,793	318,489	3,124,883
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,653,568	$ 357,732	$ 325,951	$ 3,337,251

See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balances - governmental funds		$ 3,124,883
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as net assets in government funds:		
Cost of capital assets	$ 14,296,370	
Less: accumulated depreciation	(8,044,641)	
Net		6,251,729
Net deferred outflows/(inflows) of resources relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.		2,563,082
Bond premiums that are amortized over the life of the debt issue		(88,760)
Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		23,694
Long-term liabilities are not due and payable in the current period and therefore are not recorded as liabilities in the governmental funds.		
Compensated Absences		(42,139)
Bonds Payable		(1,835,000)
Capital Leases Payable		(82,441)
Net OPEB Liability		(57,635)
Net Pension Liability		(9,005,342)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(9,901)
Net Position - Governmental Activities		$ 842,170

See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Building Fund	(Nonmajor) Food Service Fund	Total Governmental Funds
REVENUES				
Local Property Tax Levies	$ 171,516	$ 54,886	$ -	$ 226,402
Other Local and County Revenues	155,043	-	84,000	239,043
Revenue from State Sources	3,772,697	-	907	3,773,604
Revenue from Federal Sources	4,266,404	-	491,616	4,758,020
Interest	923	-	98	1,021
TOTAL REVENUES	8,366,583	54,886	576,621	8,998,090
EXPENDITURES				
Current:				
Business Support Services	365,319	-	-	365,319
Instructional Support Services	160,395	-	-	160,395
Administration	662,502	-	-	662,502
Operations and Maintenance	717,647	62,468	-	780,115
Transportation	462,721	-	-	462,721
Regular Instruction	4,333,141	-	-	4,333,141
Special Education	462,905	-	-	462,905
Vocational Education	280,712	-	-	280,712
Extra-Curricular Activities	286,475	-	-	286,475
Food Services	-	-	435,243	435,243
Capital Outlay	252,989	911,067	-	1,164,056
Debt Service:				
Principal Retirement	440,599	10,973	-	451,572
Interest and Fiscal Charges on Long-Term Debt	147,259	110	-	147,369
TOTAL EXPENDITURES	8,572,664	984,618	435,243	9,992,525
Excess (Deficiency) of Revenues over Expenditures	(206,081)	(929,732)	141,378	(994,435)
OTHER FINANCING SOURCES (USES)				
Issuance of Refunding Bond	1,835,000	-	-	1,835,000
Debt Issuance Bond Premium	88,760	-	-	88,760
Payment to Bond Refunding Escrow Agent	(1,856,235)	-	-	(1,856,235)
TOTAL OTHER FINANCING SOURCES (USES)	67,525	-	-	67,525
Net Change in Fund Balances	(138,556)	(929,732)	141,378	(926,910)
Fund Balance - Beginning of Year (Originally Stated)	2,475,255	1,277,525	177,111	3,929,891
Prior Period Adjustment - See Note 15	121,902	-	-	121,902
Fund Balance - Beginning of Year (Restated)	2,597,157	1,277,525	177,111	4,051,793
Fund Balance - End of Year	$ 2,458,601	$ 347,793	$ 318,489	$ 3,124,883

See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Total net change in fund balances - Governmental Funds		$ (926,910)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the useful lives as depreciation expense.		
Capital Outlays	$ 1,164,056	
Depreciation Expense	(479,011)	
Excess of capital outlay over depreciation expense		685,045
Some revenues will not be collected for several months after the District's fiscal year end. These revenues are considered "available" revenues in the government funds. These revenues consist of:		
Net change in unavailable property taxes		(2,554)
Repayment of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.		2,307,807
Proceeds from bond issuances are a long-term liability in the statement of net position. They are netted against repayments of long-term debt which reduce long-term liabilities in the statement of net position.		(1,835,000)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These items consisted of the (increase)/decrease in:		
Compensated Absences		(42,139)
Premiums on bonds payable are a long-term liability in the statement of net position.		(88,760)
Changes in deferred outflows and inflows of resources related to net pension liability		1,954,972
Change in net OPEB liability		(128)
Change in net pension liability		(2,638,107)
Amortization of premiums received from bond issuance		12,786
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		2,994
Change in net position - Governmental Activities		$ (569,994)

See Notes to the Basic Financial Statements

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The St. John Public School District operates the public school in the City of St. John, North Dakota.

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

Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from this unit is combined with data from the primary government.

Based on these criteria, there is one blended component unit to be included within the St. John Public School District No. 3 reporting entity. The blended component unit is described below.

St. John Public School District Building Authority

The school board as a legally separate entity created the building authority on March 5, 2012. Its purpose is to aid, assist and foster the planning, development, construction, renovation and improvement of school buildings, furnishing, fixtures and equipment and related facilities for the school district. The school board is the governing board of the building authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

Fund Accounting

The District's funds consist of the following:

Governmental Funds:

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

General Fund:
This fund is the general operating fund of the school district. It accounts for all financial resources except those requiring to be accounted for in another fund.

Building Fund:
This is the school district's financial resources fund. It accounts for the acquisition, construction, maintenance and insurance of major facilities.

The District's non-major governmental fund is as follows:

Special Revenue Fund:
This is the school district's hot lunch operating fund. It accounts for all financial resources related to food services.

Measurement Focus and Basis of Accounting

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

The governmental funds are accounted for by using a flow of current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources and uses of current financial resources.

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

Basis of Accounting:

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

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

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

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

Revenues - Exchange and Non-Exchange Transactions:

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

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

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

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

Unearned Revenues:

Unearned revenue arises when assets are recognized in the financial statements before the revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenues.

On the governmental fund financial statements, receivables that will not be collected during the availability period have been reported as unearned revenue.

Expenses and Expenditures:

Governmental funds accounting measurement focus is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recorded in the fiscal year in which the related fund liability is incurred. Under the accrual basis of accounting, expenses are recorded when incurred.

Budgets and Budgetary Accounting:

The District's Board follows the procedures established by North Dakota law for the budgetary process. The governing body of each School District, annually on or before the last day of July must levy taxes. The governing body of the School District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year. Taxes for School District purposes must be based upon an itemized budget statement which must show the complete expenditure by program of the District for the current fiscal year and the sources of the revenue from which it is to be financed. The School Board, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the District and to provide a sinking fund to pay and discharge the principal thereon at maturity.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The administration prepares the District's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.

2. The Board reviews the budget, may make revisions, and adopts the final budget at the September board meeting to ensure it is adopted before the fifteenth of October each year. The budget is then filed with the county auditor by October tenth of each year.

3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10 of each year. The budget amounts shown in the financial statements are the final authorized amounts.

4. All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

The General fund expenditures were $887,730 over budget for the year ended June 30, 2021.

Cash and Cash Equivalents:

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

Investments:

Investments are recorded at market value. North Dakota State Statute authorizes school districts to invest their surplus funds in: a) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the Treasury of the United States, or its agencies, instrumentality's, or organizations created by an act of Congress, b) Securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation of the state, d) Obligations of the state.

Fair Value Measurements:

The Organization accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Capital Assets:

Capital assets include plant and equipment and are reported in the government-wide financial statements. Capital assets are defined by the school district as assets with 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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

Buildings	7 to 30 Years
Equipment	8 to 25 Years
Vehicles	3 to 15 Years
Improvements	20 to 30 Years

Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District's government-wide financial statements. The District's governmental fund financials report only those obligations that will be paid from current financial resources.

Pensions:

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

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 Balance Classifications:

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

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

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

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

Assigned – This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The school board and superintendent have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

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

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

The District will strive to maintain a minimum unassigned general fund balance of not less than 10 percent and not more than 25 percent of the annual budget.

Deferred Outflows/Inflows of Resources:

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

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

Net Position:

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

Inter-fund Activity:

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

Estimates:

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

Revenue Recognition - Property Taxes:

The taxes receivable represent the past three years of current and delinquent uncollected taxes at June 30, 2021. No allowance has been established for uncollectible taxes receivable.

Property taxes attach as an enforceable lien on property January 1. A five percent reduction is allowed if paid by February 15. Penalty and interest are added March 15 if the first half-of-the taxes have not been paid. Additional penalties are added October 15, if not paid. Taxes are collected by the county and usually remitted monthly to the School District.

Property tax revenue in the governmental funds is recognized in compliance with National Council of Government Accounting (NCGA) Interpretation 3, *Revenue Recognition - Property Taxes*. This interpretation states that property tax revenue is recorded when it becomes available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property tax revenue is recorded as revenue in the year the tax is levied in the government-wide financial statements. Property taxes are limited by state laws. All School District tax levies are in compliance with state laws.

NOTE 3 CASH AND INVESTMENTS

Custodial Credit Risk – Deposits

In accordance with North Dakota laws, the District maintains deposits at a depository authorized by the School Board. The depository is a member of the Federal Reserve System.

North Dakota laws require that all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal at least 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral includes the legal investments described below, as well as certain first mortgage notes, and certain other state or local government obligations. North Dakota laws require that securities pledged as collateral be held in safekeeping by the District treasurer or in a financial institution other than that furnishing the collateral.

At June 30, 2021, the carrying amount of the District's deposits was $1,634,725 and the bank balance was $1,845,756. The entire bank balance was covered by Federal Depository Insurance or by collateral held by the District's Agent in the District's name in amounts sufficient to meet North Dakota legal requirements.

Interest Rate Risk

In accordance with its investment policy, the school district invests its operating funds primarily in short term certificates of deposit and limits the average maturity in accordance with the school district's cash requirements and to manage exposure to fair value losses arising from interest rate changes.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in general fixed assets account group during the year:

	Balance 7/1/2020	Additions	Disposals	Transfers	Balance 6/30/2021
Governmental Activities:					
Capital Assets Not Being Depreciated					
Construction in Progress	$ -	$ 71,538	$ -	$ -	$ 71,538
Capital Assets Being Depreciated					
Buildings	10,749,139	705,886	-	-	11,455,025
Equipment	1,525,296	218,642	-	-	1,743,938
Vehicles	1,108,703	167,990	250,824	-	1,025,869
Total	13,383,138	1,092,518	250,824	-	14,224,832
Less Accumulated Depreciation					
Buildings	5,761,605	346,827	-	-	6,108,432
Equipment	1,340,334	30,785	-	-	1,371,119
Vehicles	714,515	101,399	250,824	-	565,090
Total	7,816,454	479,011	250,824	-	8,044,641
Net Capital Assets Being Depreciated	5,566,684	613,507	-	-	6,180,191
Net Capital Assets for Governmental Activities	$ 5,566,684	$ 685,045	$ -	$ -	$ 6,251,729

In the governmental activities section of the statement of activities, depreciation expense was charged to the following governmental functions:

Regular Instruction	$ 375,495
Transportation	103,516
Total	$ 479,011

NOTE 5 LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2021.

	Balance 7/1/2020	Additions	Retirements	Balance 6/30/2021
2001 General Obligation Building Fund Levy Bond	$ 10,973	$ -	$ 10,973	$ -
Lease Revenue Bond, Series 2012	2,245,000	-	2,245,000	-
Refunding Bond, Series 2021	-	1,835,000	-	1,835,000
Bell State Bank & Trust - Bus Lease	15,917	-	15,917	-
United Lease and Finance, Inc. - Bus Lease	44,861	-	13,865	30,996
United Lease and Finance, Inc. - Bus Lease	73,497	-	22,052	51,445
Compensated Absences	-	42,139	-	42,139
Net OPEB Liability	57,507	128	-	57,635
Net Pension Liability	6,367,235	2,638,107	-	9,005,342
2012 Bond Premium	12,786	-	12,786	-
2021 Bond Premium	-	88,760	-	88,760
Total	$ 8,827,776	$ 4,604,134	$ 2,320,593	$ 11,111,317

All debt service payments are being made through the general and building funds.

Bonds Payable

General Obligation Building Fund Levy Bond of 2001 is due in annual installments of $11,083, including interest, through June 1, 2021 at an interest rate of 1%.

Lease Revenue Bond, Series 2012, is due in annual installments ranging from $164,551 to $234,437, including interest, through May 1, 2032. The interest rate ranges from 2% to 3.5% and is paid semi-annually. Certain federal Impact Aid funds to be received by the school district have been pledged and assigned to secure the payment of principal and interest.

The net proceeds of the 2012 Lease Revenue Bond, Series 2012, included a premium of $21,311. During the current year, $12,786 of the premium was amortized against interest expense in the Statement of Activities, resulting in the unamortized premium of $0. Additionally, the 2012 Bonds' terms mandate the establishment of a reserve fund with a balance equal to the least of 1) 10% of the aggregate principal amount of the 2012 Bonds, 2) 125% of the average annual principal and interest due on the 2012 Bonds, or 3) 100% of the maximum annual debt service on the 2012 Bonds.

The District issued $1,835,000 Revenue Bond, Series 2021 on April 1, 2021 to advance refund the $3,355,000 Revenue Bonds Series 2012. It is due in annual installments ranging from $171,570 to $188,045, including interest, through August 1, 2032. The interest rate ranges from 1% to 3% and is paid semi-annually. State Aid to be received from the North Dakota Department of Public Instruction has been pledged and assigned to secure the payment of principal and interest. The transaction resulted in an economic gain of $244,941 and a decrease of $264,418 in future debt service payments.

The net proceeds of the Refunding Bond, Series 2021, included a premium of $88,760. During the current year, $0 of the premium was amortized against interest expense in the Statement of Activities, resulting in the unamortized premium of $88,760. The bond issue has no debt service reserve requirement.

Debt Service Requirements

The annual requirements to amortize bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2022	$ -	$ 32,163	$ 32,163
2023	135,000	36,570	171,570
2024	150,000	32,295	182,295
2025	155,000	27,720	182,720
2026	160,000	22,995	182,995
2027-2031	870,000	53,746	923,746
2032-2033	365,000	4,594	369,594
Total	$ 1,835,000	$ 210,083	$ 2,045,083

Capital Leases

A capital lease was established with Bell State Bank and Trust August 19, 2016, due in 60 monthly installments of $1,244, including interest at a rate of 3.5%, through July 19, 2021.

A capital lease was established with United Lease and Finance, LLC August 22, 2018, due in 60 monthly installments of $1,302, including interest at a rate of 4.56%, through August 22, 2023.

A capital lease was established with United Lease and Finance, LLC September 4, 2018, due in 60 monthly installments of $2,084, including interest at a rate of 4.66%, through September 4, 2023.

The following is an analysis of the leased assets under capital leases included in vehicles:

Buses	$ 347,440
Less: Accumulated Depreciation	(176,879)
	$ 170,561

The following is a schedule by year of the future minimum lease payments under capital leases together with the present value of the minimum lease payments as of June 30, 2021:

2022	$ 40,632
2023	40,632
2024	5,471
Total Minimum Lease Payments	86,735
Less Amount Representing Interest	(4,294)
Present Value of Minimum Lease Payments Under Capital Lease	$ 82,441

NOTE 6 FUND BALANCES

A. CLASSIFICATIONS

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

	General Fund	Building Fund	Food Service Fund	Total
Nonspendable - Prepaids	$ 98,622	$ -	$ -	$ 98,622
Restricted for:				
Building	-	347,793	-	347,793
Student Activities	86,533			86,533
Committed to:				
Food Service	-	-	318,489	318,489
Unassigned	2,273,446	-	-	2,273,446
	$ 2,458,601	$ 347,793	$ 318,489	$ 3,124,883

Nonspendable fund balances reflect resources that are recorded as expenditures when consumed rather than when purchased. They do not constitute “available spendable resources”, even though they are a component of net current assets.

Nonspendable for General Fund
This account represents expenses that were prepaid by the District.

Restricted fund balances reflect resources restricted for statutorily defined purposes not accounted for in a separate fund. At June 30, 2021, there were the following accounts:

Restricted for Building:
This account represents funds held by the School District available to provide future capital outlay.

Restricted for Student Activities:
This account represents funds held by the School District available to provide for future student activities.

Committed fund balances reflect resources that can be used only for the specific purposes determined by a formal action of the School District's Board of Education. At June 30, 2021, there were the following accounts:

Committed for Food Service:
This account represents funds held by the School District available to provide food service.

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATEWIDE

Substantially, all employees of the District are required by state law to belong to pension plans administered by Teacher's Fund for Retirement (TFFR) or the North Dakota Public Employee Retirement System (NDPERS), both of which are administered on a statewide basis.

Disclosures relating to these plans follow:

North Dakota Teacher's Fund For Retirement

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

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

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

Pension Benefits

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

Tier 1 Grandfathered

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

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

Tier 1 Non-grandfathered

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

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

Tier 2

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

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

Death and Disability Benefits

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

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

Member and Employer Contributions

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

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

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

At June 30, 2021, the District reported a liability of $6,654,729 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2020, the Employer's proportion was 0.434807 percent which was an increase of 0.037858 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Employer recognized pension expense of $783,046. At June 30, 2021, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,372	$ 249,738
Changes in actuarial assumptions	299,521	-
Difference between projected and actual investment earnings	410,806	-
Changes in proportion	551,254	37,916
Contributions paid to TFFR subsequent to the measurement date	462,861	-
Total	$ 1,725,814	$ 287,654

$462,861 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

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

Year ending June 30:	Pension Expense Amount
2022	$ 203,227
2023	179,355
2024	229,432
2025	177,498
2026	93,107
Thereafter	92,680

Actuarial Assumptions

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

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

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	58.00%	6.90%
Global Fixed Income	23.00%	1.30%
Global Real Assets	18.00%	5.00%
Cash Equivalents	1.00%	0.00%

Discount Rate

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

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	6.25%	7.25%	8.25%
School's proportionate share of the TFFR net pension liability:	$ 8,863,741	$ 6,654,729	$ 4,818,926

Pension Plan Fiduciary Net Position

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

North Dakota Public Employees' Retirement System

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

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

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

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was to 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 of 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, the District reported a liability of $2,350,613 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2020, the District's proportion was 0.074717 percent which was a decrease of 0.002091 from its proportion measured July 1, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $430,199. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 9,148	$ 119,108
Changes in actuarial assumptions	1,260,077	208,322
Difference between projected and actual investment earnings	75,866	-
Changes in proportion	56,708	38,882
Contributions paid to NDPERS subsequent to the measurement date	70,300	-
Total	$ 1,472,099	$ 366,312

$70,300 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

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

Year ending June 30:	Pension Expense Amount
2022	$ 322,553
2023	263,104
2024	213,281
2025	236,549

Actuarial Assumptions

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.00%	6.30%
International Equity	21.00%	6.85%
Private Equity	7.00%	9.75%
Domestic Fixed Income	23.00%	1.25%
Global Real Assets	19.00%	5.01%

Discount Rate

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

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

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

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	3.64%	4.64%	5.64%
School's proportionate share of the NDPERS net pension liability:	$ 3,049,744	$ 2,350,613	$ 1,778,553

Pension Plan Fiduciary Net Position

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

NOTE 8 DEFINED BENEFIT OPEB PLAN

Defined Benefit OPEB Plan

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

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

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

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund.

Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as *"prefunded credit applied"* on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

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

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

At June 30, 2021, the District reported a liability of $57,635 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2020, the District's proportion was 0.068515 percent which was a decrease of 0.003083 percent from its proportion measured as of July 1, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of $7,982. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,280	$ 1,382
Changes of assumptions	7,728	-
Net difference between projected and actual earnings on OPEB plan investments	1,982	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	1,908	3,637
District contributions subsequent to the measurement date	11,256	-
Total	$ 24,154	$ 5,019

$11,256 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022.

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

Year Ending June 30:		
2022	$	1,542
2023		2,055
2024		1,961
2025		1,409
2026		758
Thereafter		154

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	33.00%	6.10%
Small Cap Domestic Equities	6.00%	7.00%
Domestic Fixed Income	40.00%	1.15%
International Equities	21.00%	6.45%

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

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 6.50 percent, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease in Discount Rate 5.50%	Discount Rate 6.50%	1% Increase in Discount Rate 7.50%
District's proportionate share of the net OPEB liability	$ 75,589	$ 57,635	$ 42,452

Pension Plan Fiduciary Net Position

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

NOTE 9 RISK MANAGEMENT

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

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

The District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund.

The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of $2,000,000 for its employees.

The State Bonding Fund does not currently charge any premium for this coverage. The District participates in the North Dakota Worker's Compensation Bureau and purchases commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 10 CONTINGENT LIABILITIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 11 NON-MONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its hot lunch program. The market value of commodities received for the year ended June 30, 2021 was $21,753.

NOTE 12 SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK

As of June 30, 2021, the District's receivables consist of amounts due from other governmental units within the State of North Dakota.

NOTE 13 INTERFUND BALANCES

The District has the following interfund receivables and payables as of June 30, 2021:

	Interfund Receivable	Interfund Payable
General Fund	$ -	$ 29,936
Building Fund	29,936	-
	$ 29,936	$ 29,936

Interfund balances consist of expenditures paid on behalf of other funds as of June 30, 2021.

NOTE 14 COMMITMENTS

The District has entered into a contract in the amount $426,000 for construction of a classroom addition. As of June 30, 2021, nothing had been paid on this contract.

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION AND FUND BALANCE

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

Net Position July 1, 2020, as previously reported	$ 1,290,262
Restatement for fiduciary accounting:	
Student Activity fund balance reclassified to the General Fund	121,902
Net Position July 1, 2020, as restated	$ 1,412,164
Fund Balances General Fund July 1, 2020, as previously reported	$ 2,475,255
Restatement for fiduciary accounting:	
Student Activity fund balance reclassified to the General Fund	121,902
Fund Balances General Fund July 1, 2020, as restated	$ 2,597,157

NOTE 16 NEW PRONOUNCEMENTS

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

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

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

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

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

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

GASB Statement No. 96, *Subscription-Based Information* Arrangements provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

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

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

NOTE 17 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through March 25, 2022, the date which the financial statements were available to be issued.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Over (Under) Final Budget
REVENUES				
Local Property Tax Levies	$ 189,000	$ 189,000	$ 171,516	$ (17,484)
Other Local & County Revenues	6,000	6,000	155,043	149,043
Revenue From State Sources	3,178,759	3,178,759	3,772,697	593,938
Revenue From Federal Sources	4,072,113	4,072,113	4,266,404	194,291
Interest	8,000	8,000	923	(7,077)
TOTAL REVENUES	7,453,872	7,453,872	8,366,583	912,711
EXPENDITURES				
Business Support Services	350,096	350,096	365,319	15,223
Instructional Support Services	144,172	144,172	160,395	16,223
Administration	668,814	668,814	662,502	(6,312)
Operations and Maintenance	694,866	694,866	717,647	22,781
Transportation	524,590	524,590	462,721	(61,869)
Regular Instruction	4,355,670	4,355,670	4,333,141	(22,529)
Special Education	440,546	440,546	462,905	22,359
Vocational Education	263,609	263,609	280,712	17,103
Extra-Curricular Activities	187,011	187,011	286,475	99,464
Capital Outlay	-	-	252,989	252,989
Principal Retirement	55,560	55,560	440,599	385,039
Interest and Fiscal Charges on Long-Term Debt	-	-	147,259	147,259
TOTAL EXPENDITURES	7,684,934	7,684,934	8,572,664	887,730
Excess (Deficiency) of Revenues Over Expenditures	(231,062)	(231,062)	(206,081)	24,981
OTHER FINANCING SOURCES (USES)				
Issuance of Long-Term Debt	-	-	1,835,000	1,835,000
Debt Issuance Bond Premium	-	-	88,760	88,760
Payment to Bond Refunding Escrow Agent			(1,856,235)	
TOTAL OTHER FINANCING SOURCES (USES)	-	-	67,525	1,923,760
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(231,062)	(231,062)	(138,556)	92,506
Fund Balances - Beginning (Originally Stated)	2,475,255	2,475,255	2,475,255	-
Prior Period Adjustment - See Note 15	-	-	121,902	121,902
Fund Balance - Beginning of Year (Restated)	2,475,255	2,475,255	2,597,157	121,902
Fund Balances - Ending	$ 2,244,193	$ 2,244,193	$ 2,458,601	$ 92,506

See Notes to the Required Supplementary Information

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE TFFR AND NDPERS PENSION PLANS
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

Teachers Fund for Retirement

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	$ 462,861	$ (462,861)	$ -	$ 3,630,282	12.75%
2020	404,508	(404,508)	-	3,172,613	12.75%
2019	355,079	(355,079)	-	2,784,935	12.75%
2018	333,611	(333,611)	-	2,643,349	12.62%
2017	317,732	(317,732)	-	2,616,553	12.14%
2016	309,705	(309,705)	-	2,492,018	12.43%

North Dakota Public Employees Retirement System

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	$ 70,300	$ (70,300)	$ -	$ 987,356	7.12%
2020	59,965	(59,965)	-	842,200	7.12%
2019	56,884	(59,633)	(2,749)	798,930	7.46%
2018	56,667	(54,695)	1,972	747,830	7.31%
2017	51,404	(47,528)	3,876	781,471	6.08%
2016	38,433	(41,033)	(2,600)	710,015	5.78%
2015	38,598	(38,598)	-	505,976	7.63%

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

See Notes to the Required Supplementary Information

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE NDPERS OPEB PLAN
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

North Dakota Public Employees Retirement System – OPEB

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2021	$ 11,256	$ (11,256)	$ -	$ 987,356	1.14%
2020	9,601	(9,601)	-	842,200	1.14%
2019	9,108	(9,548)	(440)	798,930	1.14%
2018	8,772	(9,538)	(766)	747,830	1.17%

The District implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is not available.

See Notes to the Required Supplementary Information

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

Teachers Fund for Retirement

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's 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
2020	0.434807%	$ 6,654,729	$ 3,172,612	209.76%	63.40%
2019	0.396949%	5,466,990	2,784,709	196.32%	65.50%
2018	0.388837%	5,182,643	2,643,349	196.06%	65.50%
2017	0.387650%	5,324,528	2,616,553	203.49%	63.20%
2016	0.383550%	5,619,229	2,492,018	225.49%	59.20%
2015	0.394920%	5,164,982	2,429,174	212.62%	62.10%
2014	0.391381%	4,100,979	2,270,215	180.64%	66.60%

North Dakota Public Employees Retirement System

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's 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
2020	0.074717%	$ 2,350,613	$ 824,214	285.19%	48.91%
2019	0.076808%	900,245	798,930	112.68%	71.66%
2018	0.072794%	1,228,478	747,830	164.27%	63.53%
2017	0.076552%	1,230,442	781,471	157.45%	61.98%
2016	0.070454%	686,643	710,015	96.71%	70.46%
2015	0.056795%	386,196	505,976	76.33%	77.15%
2014	0.065678%	416,872	569,727	73.17%	77.70%

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

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

See Notes to the Required Supplementary Information

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

North Dakota Public Employees Retirement System – OPEB

For the Fiscal Year Ended June 30	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered - employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2020	0.0685%	$ 57,635	$ 781,046	7.38%	63.38%
2019	0.0716%	57,507	798,930	7.20%	63.13%
2018	0.0683%	53,826	747,830	7.20%	61.89%
2017	0.0722%	57,139	781,471	7.31%	59.78%

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

The District implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is not available.

NOTE 1– BUDGETARY COMPARISON

Budgets and Budgetary Accounting:

The District's Board follows the procedures established by North Dakota law for the budgetary process. The governing body of each School District, annually on or before the last day of July must levy taxes. The governing body of the School District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year. Taxes for School District purposes must be based upon an itemized budget statement which must show the complete expenditure by program of the District for the current fiscal year and the sources of the revenue from which it is to be financed. The School Board, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the District and to provide a sinking fund to pay and discharge the principal thereon at maturity. During the current year in the General Fund, budgeted expenditures exceeded actual expenditures by $887,730.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The administration prepares the District's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.

2. The Board reviews the budget, may make revisions, and adopts the final budget before August tenth of each year. The budget is then filed with the county auditor by August tenth of each year.

3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after August tenth of each year. The budget amounts shown in the financial statements are the final authorized amounts.

4. All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

NOTE 2 – CHANGES OF ASSUMPTIONS

TFFR

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

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

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

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

NDPERS

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

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

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

OPEB

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 3 – CHANGES OF BENEFIT TERMS

NDPERS

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

BradyMartz

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

To the Board of Education
St. John Public School District No. 3
St. John, 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 the District as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise St. John Public School District No. 3's basic financial statements and have issued our report thereon dated March 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. John Public School District No. 3's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the St. John Public School District No. 3'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response To Finding

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

Purpose Of This Report

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

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

March 25, 2022

BradyMartz

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

To the Board of Education
St. John Public School District No. 3
St. John, North Dakota

Report on Compliance for Each Major Federal Program

We have audited St. John Public School District No. 3's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on St. John Public School District No. 3's major federal program for the year ended June 30, 2021. St. John Public School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for St. John Public School District No. 3's major federal program 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 non-compliance 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, St. John Public School District No. 3 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of St. John Public School District No. 3 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over compliance.

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

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

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

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

March 25, 2022

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

AL #	Description	Pass-Through Entity Identifying Number	Expenditures
United States Department of Education			
Direct Programs			
84.041B	Impact Aid		$ 2,256,121
84.060	Indian Education Grants to Local Education Agencies		94,704
Passed Through the North Dakota Department of Public Instruction			
84.010	Title I Grants to Local Educational Agencies	F84010	753,013
84.358B	Rural Education	F84358	9,214
84.367	Title II Part A - Teacher and Principal Quality	F84367	48,557
84.371	Comprehensive Literacy Development	F84371C2	207,627
84.424	Title IV Transferability	F84424A	118,742
84.425C	COVID 19 - Education Stabilization Fund	F84425C	76,024
84.425D	COVID 19 - Education Stabilization Fund	F84425D	406,418
	Total Education Stabilization Fund		482,442
Passed Through North Dakota Department of Career Technical Education			
84.048	Career and Technical Education Grants to States		33,030
Passed Through North Central Education Cooperative			
84.287	Twenty-First Century Community Learning Centers		22,067
	Total Department of Education		4,025,517
United States Department of Agriculture			
Passed Through the North Dakota State Department of Public Instruction			
	Child Nutrition Cluster:		
10.555	Food Distribution - Non Cash	F10555	21,753
10.559	COVID-19 Summer Food Service Program for Children	F10559	467,870
	Total Cluster		489,623
10.560	SAE Food Nutrition	F10560	1,993
	Total Department of Agriculture		491,616
United States Department of the Treasury			
Passed Through the North Dakota Department of Public Instruction			
21.019	COVID 19 - Coronavirus Relief Fund	F21019	240,887
	Total Department of the Treasury		240,887
	TOTAL		$ 4,758,020

See Notes to the Schedule of Expenditures of Federal Awards

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards (the "Schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 - INDIRECT COST RATE

St. John Public School District No. 3 has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - NONMONETARY TRANSACTIONS

The District receives commodities through the food distribution program and the assistance is valued at the fair value of the commodities received and disbursed.

NOTE 4 - BASIS OF PRESENTATION

The accompanying schedule includes the federal award activity of St. John Public School District No. 3 under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of St. John Public School District No. 3, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE 5 - PASS-THROUGH ENTITIES

All pass-through entities listed above use the same AL numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_x_ yes ___ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	__ yes _x__ none reported
Non-compliance material to financial statements noted?	___ yes _x_ no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___ yes _x_ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ yes _x_ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes _x_ no

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.041	Impact Aid
21.019	Coronavirus Relief Funds
84.010	Title I

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	___ yes _x_ no

SECTION II – FINANCIAL STATEMENT FINDINGS

2021-001: Segregation of Duties

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

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

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

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

Repeat Finding
This is a repeat finding of 2020-001.

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

Views of Responsible Officials and Planned Corrective Actions
The St. John School District has segregated accounting duties in the most effective manner given its limited staff. Due to cost constraints, additional administrative employees will not be added. Moving forward, a division of responsibilities will continue to be made when necessary between current staff.

2021-002: Preparation of the Financial Statements

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

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

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

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

Repeat Finding
This is a repeat finding of 2020-002.

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

Views of Responsible Officials and Planned Corrective Actions
Due to the financial, efficiency and time constraints, it has been determined by the District's management that it is in the best interest of the District to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit, along with the necessary adjustments to present the financial statements in accordance with GAAP.

2021-003: Proposition of Journal Entries

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

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

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

Effect
The organization's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

Repeat Finding
This is a repeat finding of 2020-002.

Recommendation
Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Officials and Planned Corrective Actions
Due to the financial, efficiency and time constraints, it has been determined by the District’s management that it is in the best interest of the District to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit, along with the necessary adjustments to present the financial statements in accordance with GAAP.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings to be reported in this section.

2020-001 Finding

Criteria
To provide reasonable assurance that segregation of duties take place while also taking into account the size of the District.

Condition
The District has one employee who is responsible for all accounting functions involved. The employee handles all cash, prepares the receipts documents, prepares the deposits, issues all checks and distributes them, receives the bank statements and does the reconciliations. The employee also records the receipts and disbursements to the journals and maintains the general ledger. Considering the size of the entity, it is not feasible to obtain proper segregation of duties and the degree of internal control is severely limited.

Effect
Lack of segregation of duties leads to a limited degree of internal control.

Cause
Due to the relatively small size of the District staff, it is generally not feasible to provide for complete adherence to the segregation of duties concept.

Recommendation
The District's current structure does not allow for proper segregation of duties to assure adequate internal control over financial reporting. The Board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

Management's Response

The St. John School District has segregated accounting duties in the most effective manner given its limited staff. Due to cost constraints, additional administrative employees will not be added. However, during school year 2019-20 a division of responsibilities will be made between current staff. The Assistant Business Manager, Stephanie Anderson, will be responsible for bank reconcilements. She will also be utilized as a backup for payroll input. Superintendent, Paul Frydenlund, will be responsible to review and sign off on all bank reconcilements. Administrative support staff will be responsible for invoice preparation and also some student activity fund accounting duties.

Corrective Action Taken
None. See current year finding 2021-001.

2020-002 Finding

Criteria
The District does not identify all journal entries required to maintain a general ledger and prepare full-disclosure financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

Condition
The District's auditors prepared the financial statements as of June 30, 2020. In addition, adjusting entries were proposed to bring the financial statements into compliance with accounting principles generally accepted in the United States of American (GAAP). An appropriate system of internal controls requires that a District must make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with GAAP. This requires the District's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures.

Effect
The Superintendent is aware of the deficiency and addresses it by reviewing and approving the adjusting journal entries and the completed statements prior to distribution to end users.

Cause
The District has not adopted an internal control policy over the annual financial reporting under generally accepted accounting principles (GAAP).

Recommendation
It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Management and those charged with governance should consider the design of its internal control system and the changes required to permit the identification of journal entries required to maintain a general ledger and preparation of the financial statements and accompanying notes in conformity with accounting principles generally accepted in the United States of America (GAAP). As a compensating control the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Management's Response
Due to the financial, efficiency and time constraints, it has been determined by the District's management that it is in the best interest of the District to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit.

Corrective Action Taken
None. See current year findings 2021-002 and 2021-003.

ST. JOHN SCHOOL DISTRICT NO. 3
HOME OF THE WOODCHUCKS

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400 FOUSSARD AVENUE
ST. JOHN, NORTH DAKOTA
58369
701-477-5651 – phone
www3.stjohn.k12.nd.us
Mr. Paul J. Frydenlund, Superintendent

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
CORRECTIVE ACTION PLAN
JUNE 30, 2021

2021-001

Contact Person
Mary Vandal, Business Manager

Planned Corrective Action
The St. John School District has segregated accounting duties in the most effective manner given its limited staff. Due to cost constraints, additional administrative employees will not be added. Moving forward, a division of responsibilities will continue to be made when necessary between current staff.

Planned Completion Date
June 30, 2022

2021-002

Contact Person
Mary Vandal, Business Manager

Planned Corrective Action
Due to the financial, efficiency and time constraints, it has been determined by the District's management that it is in the best interest of the District to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit, along with the necessary adjustments to present the financial statements in accordance with GAAP.

Planned Completion Date
June 30, 2022

2021-003

Contact Person
Mary Vandal, Business Manager

Planned Corrective Action
Due to the financial, efficiency and time constraints, it has been determined by the District's management that it is in the best interest of the District to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit, along with the necessary adjustments to present the financial statements in accordance with GAAP.

Planned Completion Date
June 30, 2022