

WISHEK PUBLIC SCHOOL DISTRICT  
WISHEK, NORTH DAKOTA

FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 AND 2020

WISHEK PUBLIC SCHOOL DISTRICT

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WISHEK PUBLIC SCHOOL DISTRICT  
LIST OF OFFICIALS  
JUNE 30, 2021 AND 2020

BOARD OF EDUCATION

OFFICE

Curt Meidinger	President
Bruce Herr	
Melissa Kaseman-Wolf	
Rocky Brown	
Trina Schilling	

ADMINISTRATION

Shawn Kuntz	Superintendent
Alyssa Conitz	Business manager

# Harold J. Rotunda

Certified Public Accountant  
INDEPENDENT AUDITOR'S REPORT

School Board  
Wishek Public School District  
Wishek, North Dakota

I have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Wishek Public School District as of and for the years ended June 30, 2021 and 2020, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Wishek Public School District as of June 30, 2021 and 2020, and the changes in the modified cash basis financial position and cash flows, where applicable, thereof for the years then ended, in conformance with the modified cash basis of accounting.

## Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

## Emphasis of Matter

### Adoption of New Accounting Standard

As described in Note 10 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, Accounting and Financial Reporting for Fiduciary Activities. As discussed in Note 10 to the financial statements the District has restated the previously reported net position and fund balance in accordance with this statement. My opinions are not modified with respect to this matter.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued reports dated December 30, 2022, on my considerations of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

West Fargo, North Dakota  
December 30, 2022

WISHEK PUBLIC SCHOOL  
STATEMENT OF NET POSITION- MODIFIED CASH BASIS  
JUNE 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	1,643,800.79
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	2,184,414.24
Total Assets	3,828,215.03
LIABILITIES	
Current liabilities:	
Accrued payroll expenses	307,871.32
Long term liabilities	
Due within one year:	108,692.05
Due in more than one year	458,432.46
Total liabilities	874,995.83
NET POSITION	
Net investment in capital assets	1,617,289.73
Restricted for:	
Capital projects	159,474.29
Food Service	50,686.02
Unrestricted	1,125,769.16
Total net position	2,953,219.20

The accompanying notes are an integral part of these financial statements.

WISHEK PUBLIC SCHOOL  
STATEMENT OF ACTIVITIES- MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2021

		Program Revenues		Net (expense) Revenue & Changes in Net Position
	Expenses	Charges for Services	Operating grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction				
Regular	1,361,065.44		244,684.88	(1,116,380.56)
Special Education	354,302.62	-	-	(354,302.62)
Vocational Education	295,550.13		46,717.75	(248,832.38)
Support Services				-
Administrative	405,637.87			(405,637.87)
Operation & maintenance	616,362.19			(616,362.19)
Pupil Transportation Services	148,532.30		88,676.88	(59,855.42)
Extracurricular	194,632.73	108,894.57		(85,738.16)
Food Service	141,074.75	11,818.66	155,413.63	26,157.54
				-
Debt Service				
Interest expense	11,632.49			(11,632.49)
				-
Total Governmental Activities	3,528,790.52	120,713.23	535,493.14	(2,872,584.15)
General Revenues				
Taxes:				
Property taxes, levied for general purposes				817,809.21
State aid not restricted to specific program:				
Per pupil aid				2,173,317.66
Interest income and other revenue				113,442.92
				-
Total General Revenues				3,104,569.79
Change in Net Position				231,985.64
Net Position- July 1				2,721,233.56
Net Position- June 30				2,953,219.20

The accompanying notes are an integral part of these financial statements.



WISHEK PUBLIC SCHOOL  
BALANCE SHEET- GOVERNMENTAL FUNDS- MODIFIED CASH BASIS  
JUNE 30, 2021

	GENERAL	BUILDING FUND	SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	1,284,020.38	159,474.29	200,306.12	1,643,800.79
Total Assets	1,284,020.38	159,474.29	200,306.12	1,643,800.79
LIABILITIES				
Accrued payroll expenses	306,482.49		1,388.83	307,871.32
Total liabilities	306,482.49	-	1,388.83	307,871.32
FUND BALANCE				
Restricted for Capital Projects		159,474.29		159,474.29
Restricted for Food Service			50,686.02	50,686.02
Assigned for Student Activity			148,231.27	148,231.27
Unassigned	977,537.89			977,537.89
Total fund balance	977,537.89	159,474.29	198,917.29	1,335,929.47
Total liabilities and fund balance	1,284,020.38	159,474.29	200,306.12	1,643,800.79

The accompanying notes are an integral part of these financial statements.



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

Total Fund Balances for Governmental Funds	1,335,929.47
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in governmental funds

Cost of capital assets	4,278,509.43	
Less accumulated depreciation	2,094,095.19	
Net capital assets		2,184,414.24

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities- both current and long-term are reported in the statement of net position. Balances at June 30 are:

Bonds payable	(390,000.00)
Lease payable	(177,124.51)

Total Net Position of Governmental Activities	2,953,219.20
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The accompanying notes are an integral part of these financial statements.

WISHEK PUBLIC SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES- GOVERNMENTAL FUNDS- MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2021

	GENERAL	BUILDING FUND	SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
Property taxes	769,915.68	47,893.53		817,809.21
Other local sources	113,327.81	-	120,828.34	234,156.15
State sources	2,308,712.29		564.58	2,309,276.87
Federal sources	244,684.88	-	154,849.05	399,533.93
Total Revenues	3,436,640.66	47,893.53	276,241.97	3,760,776.16
Current:				
Instruction				
Regular	1,524,078.16			1,524,078.16
Special Education	354,302.62			354,302.62
Vocational Education	295,550.13			295,550.13
Support Services				
Administrative	405,637.87			405,637.87
Operation & maintenance	458,289.23			458,289.23
Pupil Transportation Services	148,532.30			148,532.30
Extracurricular	109,960.47		84,672.26	194,632.73
Food Service			141,074.75	141,074.75
Capital outlays				-
Debt Service				
Principal	85,453.37	20,000.00		105,453.37
Interest expense		11,632.49		11,632.49
Total Expenditures	3,381,804.15	31,632.49	225,747.01	3,639,183.65
Excess revenues (expenditures)	54,836.51	16,261.04	50,494.96	121,592.51
Other Financing Sources (Uses):				
Transfers in (out)				-
Note proceeds				-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	54,836.51	16,261.04	50,494.96	121,592.51
Fund balance- beginning	922,701.38	143,213.25	148,422.33	1,214,336.96
Fund balance- ending	977,537.89	159,474.29	198,917.29	1,335,929.47

The accompanying notes are an integral part of these financial statements.

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

Net Change in Fund Balances- Total Governmental Funds	121,592.51
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Current year capital outlay	163,012.72	
Current year depreciation expense	158,072.96	4,939.76

Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In the current period these amounts are:

Debt issued, net of related premiums and discounts	-
Principal retirement	105,453.37

Change in Net Position of Governmental Activities	231,985.64
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The accompanying notes are an integral part of these financial statements.

WISHEK PUBLIC SCHOOL  
STATEMENT OF NET POSITION- MODIFIED CASH BASIS  
JUNE 30, 2020

Governmental  
Activities

ASSETS

Current assets:

Cash and investments	1,700,220.09
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Noncurrent assets:

Capital assets (net of accumulated depreciation)	2,179,474.48
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Total Assets	3,879,694.57
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LIABILITIES

Current liabilities:

Accrued payroll expenses	485,883.13
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Long term liabilities

Due within one year	105,453.37
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Due in more than one year	567,124.51
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Total liabilities	1,158,461.01
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NET POSITION

Net investment in capital assets	1,506,896.60
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Restricted for:

Capital projects	143,213.25
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Food service	24,413.37
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Unrestricted	1,046,710.34
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Total Net Position	2,721,233.56
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The accompanying notes are an integral part of these financial statements.

WISHEK PUBLIC SCHOOL  
STATEMENT OF ACTIVITIES- MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (expense) Revenue & Changes in Net Position
	Expenses	Charges for Services	Operating grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction				
Regular	1,209,214.01		150,104.02	(1,059,109.99)
Special Education	337,508.28	-	18,501.31	(319,006.97)
Vocational Education	250,877.28		1,661.00	(249,216.28)
Support Services				-
Administrative	399,593.75			(399,593.75)
Operation & maintenance	687,986.84			(687,986.84)
Pupil Transportation Services	193,502.46		115,672.50	(77,829.96)
Extracurricular	227,481.42	125,759.36		(101,722.06)
Food Service	122,923.50	45,237.91	87,202.65	9,517.06
				-
Debt Service				
Interest expense	10,799.98			(10,799.98)
				-
Total Governmental Activities	3,439,887.52	170,997.27	373,141.48	(2,895,748.77)
General Revenues				
Taxes:				
Property taxes, levied for general purposes				
				790,058.85
State aid not restricted to specific program:				
Per pupil aid				
				2,159,461.31
Interest income and other revenue				
				76,751.65
				-
Total General Revenues				3,026,271.81
Change in Net Position				130,523.04
Net Position- July 1- Restated Note 9				2,590,710.52
Net Position- June 30				2,721,233.56

The accompanying notes are an integral part of these financial statements.

WISHEK PUBLIC SCHOOL  
BALANCE SHEET- GOVERNMENTAL FUNDS- MODIFIED CASH BASIS  
JUNE 30, 2020

	GENERAL	BUILDING FUND	SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	1,408,584.51	143,213.25	148,422.33	1,700,220.09
Total Assets	1,408,584.51	143,213.25	148,422.33	1,700,220.09
LIABILITIES				
Accrued payroll expenses	485,883.13			485,883.13
Total liabilities	485,883.13	-	-	485,883.13
FUND BALANCE				
Restricted for Capital Projects		143,213.25		143,213.25
Restricted for Food Service		-	24,413.34	24,413.34
Assigned to Student Activity			124,008.96	124,008.96
Unassigned	922,701.38	-	-	922,701.38
Total fund balance	922,701.38	143,213.25	148,422.30	1,214,336.93

The accompanying notes are an integral part of these financial statements.

WISHEK PUBLIC SCHOOL  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

Total Fund Balances for Governmental Funds	1,214,336.93
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in governmental funds

Cost of capital assets	4,115,496.71	
Less accumulated depreciation	1,936,022.23	
Net capital assets		2,179,474.48

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities- both current and long-term are reported in the statement of net position. Balances at June 30 are:

Bonds payable	(410,000.00)
Lease payable	(262,577.88)

Total Net Position of Governmental Activities	2,721,233.53
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The accompanying notes are an integral part of these financial statements.



WISHEK PUBLIC SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES- GOVERNMENTAL FUNDS- MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2020

	GENERAL	BUILDING FUND	SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
Property taxes	747,126.84	42,932.01		790,058.85
Other local sources	75,947.24	-	171,801.68	247,748.92
State sources	2,295,296.12		5,613.54	2,300,909.66
Federal sources	150,104.02	-	81,589.11	231,693.13
Total Revenues	3,268,474.22	42,932.01	259,004.33	3,570,410.56
Current:				
Instruction				
Regular	1,209,214.01			1,209,214.01
Special Education	337,508.28			337,508.28
Vocational Education	250,877.28			250,877.28
Support Services				
Administrative	399,593.75			399,593.75
Operation & maintenance	569,188.32			569,188.32
Pupil Transportation Services	167,842.56			167,842.56
Extracurricular	116,330.44		111,150.98	227,481.42
Food Service		-	122,923.50	122,923.50
Capital outlays		1,133.00		1,133.00
Debt Service				
Principal	181,496.31	15,000.00		196,496.31
Interest expense		10,799.98		10,799.98
Total Expenditures	3,232,050.95	26,932.98	234,074.48	3,493,058.41
Excess revenues (expenditures)	36,423.27	15,999.03	24,929.85	77,352.15
Other Financing Sources (Uses):				
Transfers in (out)				-
Note proceeds				-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	36,423.27	15,999.03	24,929.85	77,352.15
Fund balance- beginning- Restated Note 9	886,278.11	127,214.22	123,492.48	1,136,984.81
Fund balance- ending	922,701.38	143,213.25	148,422.33	1,214,336.96

The accompanying notes are an integral part of these financial statements.

WISHEK PUBLIC SCHOOL  
RECONCILIATION OF GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances- Total Governmental Funds	77,352.15
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Current year capital outlay	7,649.00	
Current year depreciation expense	150,974.42	(143,325.42)

Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In the current period these amounts are:

Debt issued, net of related premiums and discounts	-
Principal retirement	196,496.31

Change in Net Position of Governmental Activities	130,523.04
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The accompanying notes are an integral part of these financial statements.

WISHEK PUBLIC SCHOOL DISTRICT  
WISHEK, NORTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Wishek Public School District (District) have been prepared on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

Based on these criteria, there are no component units.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Government-wide statements: The statement of net assets and the statement of activities display information about the primary government, the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

WISHEK PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

Fund Financial Statements: The fund financial statements provide information about the District's funds including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund. The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds

Special Revenue funds- These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Building fund. The Building fund is used to account for building construction and repairs.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

**Measurement Focus**

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements.

The government-wide statements are prepared using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. All assets and liabilities associated with the operation of the District are included in the statement of net position.

In the fund financial statements, the governmental funds are accounted for by using a flow of current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting. 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.



WISHEK PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

The current financial resources measurement focus differ 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**

Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

In the government-wide statement of net position and statement of activities, activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenditures/expenses when they result from cash transactions with a provision for capital assets, related depreciation, grants receivable for incurred expenses, debt and accrued payroll liabilities in the government-wide statements and grants receivable for incurred expenses and accrued payroll liabilities in the fund financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting.

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

**D. Budgets**

Based upon available financial information and requests by the school board, the business manager prepares the District budget. The budget is prepared for the general fund on the modified cash basis of accounting. The budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

WISHEK PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

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

E. Cash and Investments

Cash includes amounts in demand deposits and money market accounts. Investments consist of certificates of deposits stated at cost.

F. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the district is depreciated using the straight line method over the following estimated useful lives:

ASSETS	YEARS
Permanent Buildings	50
Vehicles/equipment	10

G. Long-Term Obligations

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.



WISHEK PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

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

H. Fund Balance

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

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.



WISHEK PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

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 Board has not set a General Fund minimum fund balance.

I. Interfund Transactions

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

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. In the government-wide financial statements, interfund transactions have been eliminated.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: LEGAL COMPLIANCE - BUDGETS

BUDGET AMENDMENTS

The school board did not amend the District budget for 2021 and 2020.

EXPENDITURES OVER APPROPRIATIONS

The District did not overspend the budget for any individual funds: No remedial action is required by the district.

NOTE 3 DEPOSITS AND INVESTMENTS

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

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

WISHEK PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

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

At June 30, 2021 and 2020, the District's carrying amount of deposits was \$1,460,488 and \$1,700,220. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

State statutes authorize the District to invest in:(1) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.(2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.(3) Certificates of Deposit fully insured by the federal deposit insurance corporation or the state.(4) Obligations of the state.

Concentration of Credit Risk

The District does not have a limit on the amount it may invest in any one issuer.

NOTE 4: PROPERTY TAXES

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

WISHEK PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

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

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

NOTE 5: CAPITAL ASSETS

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

	Balance July 1	Increases	Decreases	Balance June 30
Capital assets				
Bldgs and Improvemnts	3,535,674	110,550		3,646,224
Vehicles & Equipment	579,822	52,463		632,285
Total Cap Assets	4,115,496	163,013		4,278,509
Less accumulated depreciation for:				
Bldgs & Imp	1,472,205	108,075		1,580,280
Vehicles & Equip	463,817	49,998		513,815
Total Accum Dep	1,936,022	158,073		2,094,095
Capital Assets, Net	2,179,474			2,184,414

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

	Balance July 1	Increases	Decreases	Balance June 30
Capital assets				
Construction in progress	819,997		819,997	
Bldgs and Improvemnts	2,715,677	819,997		3,535,674
Vehicles & Equipment	572,173	7,649		579,822
Total Cap Assets	4,107,848	827,646	819,997	4,115,497
Less accumulated depreciation for:				
Bldgs & Imp	1,367,437	104,769		1,472,205
Vehicles & Equip	417,611	46,206		463,817
Total Accum Dep	1,785,048	150,975		1,936,022
Capital Assets, Net	2,322,800			2,179,474

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

Governmental Activities:	2020	2021
Operations and Maint	117,666	124,765
Transportation	33,309	33,308
Total Dep Exp-Gov Activities	150,975	158,073



WISHEK PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

NOTE 6: LONG-TERM DEBT

Changes in Long-Term Debt- During the year ended June 30, 2021, the following changes occurred in long-term debt:

	Payable 2020	Increases	Decreases	Payable 2021	Due Within One Year
Lease Payable	262,578		85,453	177,125	88,692
Bond Payable	410,000		20,000	390,000	20,000

Changes in Long-Term Debt during the year ended June 30, 2020

	Payable 2019	Increases	Decreases	Payable 2020	Due Within One Year
Lease Payable	444,074		181,496	262,578	85,453
Bond Payable	425,000		15,000	410,000	20,000

Bonds Payable:

General Obligation Bond of 2017 due in annual installments of \$15,000 to \$30,000 including interest at 1-3% through August 2038 390,000

The annual long-term debt service requirements for bonds payable, as of June 30, 2021, are as follows:

Year Ending June 30	Long-Term Debt	
	Principal	Interest
2022	20,000	10,387
2023	20,000	10,088
2024	20,000	9,788
2025	20,000	9,488
2026	20,000	8,988
2025-2029	105,000	37,437
2030-2034	125,000	22,781
2035-2038	60,000	3,262
TOTAL	390,000	112,219

The District is obligated to the following capital lease agreements at June 30, 2021 are shown below:

2022	99,163
2023	<u>99,163</u>
	198,326
Less amount representing interest	<u>21,201</u>
Principal balance remaining	177,125

WISHEK PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

NOTE 7: PENSION PLANS

North Dakota Teachers Fund for Retirement TFFR

The school district contributes to the North Dakota Teachers Fund for retirement (TFFR), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Dakota. TFFR provides for retirement, disability and survivor benefits to plan members and beneficiaries. Benefit and contribution provisions are administered in accordance with chapter 15-39.1 of the North Dakota Century Code. TFFR issues a publicly available financial report that includes financial statements and required supplementary information for TFFR. Detailed information about the report may be obtained on the NDPERS website.

Plan members are required to contribute 11.75% of their annual covered salary and the District is required to contribute 12.75% of the teacher's salary. The contributions requirements of plan members and the District are established and may be amended by the State legislature. The District's contributions to TFFR for the fiscal years ended June 30, 2021, 2020 and 2019 were \$202,239, \$200,640, and \$204,332, respectively.

NOTE 8: RISK MANAGEMENT

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

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

The State Bonding Fund currently provides the District with blanket fidelity bond coverage for its employees. The State Bonding fund does not currently charge any premium for this coverage.

The District has workers compensation with the Workforce, Safety and Insurance and purchases commercial insurance for personal property, building, inland marine, and boiler and machinery.

WISHEK PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

NOTE 9: CHANGE IN ACCOUNTING PRINCIPAL AND RESTATEMENT OF NET POSITION

The District has implemented GASB Statement No. 84. Based on their interpretation of this statement, the District's student activity funds, which were previously reported as a fiduciary fund have been reclassified as a special revenue fund.

Net Position July 1, 2020, as previously reported	2,481,310
Restatement of Net Position for	
Cash	109,401
Net Position July 1, as restated	2,590,711
Fund Balance July 1, 2020 as previously reported	1,027,584
Restatement of fund Balance for	
Cash	109,401
Fund Balance July 1, 2020, as restated	1,136,985

WISHEK PUBLIC SCHOOL DISTRICT

REPORTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

JUNE 30, 2021 AND 2020



WISHEK PUBLIC SCHOOL DISTRICT  
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# Harold J. Rotunda

## Certified Public Accountant

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

#### Independent Auditor's Report

School Board  
Wishek Public School District  
Wishek, North Dakota

I 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 and each major fund of Wishek Public School District as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise basic financial statements, and have issued my report thereon dated December 30, 2022.

#### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Wishek Public School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, I do not express an opinion on the effectiveness of 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify one deficiency in internal control, described in the accompanying schedule of findings that I consider to be a significant deficiency (2021-1 and 2021-2).

## Compliance and Other Matters

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

## District's Response to Findings

Wishek Public School District's response to the finding identified in my audit is described in the accompanying schedule of findings. Wishek Public School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

## Purpose of this Report

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

Harold Rotunda, CPA  
December 30, 2022

WISHEK PUBLIC SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued?

Governmental Activities

Unmodified

Major Funds

Unmodified

Internal Control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ Yes   X   No

Significant deficiencies identified not

Considered to be material weaknesses

  X   Yes \_\_\_\_\_ No

Noncompliance material to financial statements  
Noted?

\_\_\_\_\_ Yes   X   No

Section II- Financial Statement Findings

**2021-001 Segregation of Duties**

**Criteria**

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

**Condition**

The Business Manager of the District is responsible for all accounting functions involved. The employee handles all income of monies, 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 District, it is not feasible to obtain proper segregation of duties and the degree of internal control is severely limited.

**Cause**

The Business Manager is the only employee and due to the District's size, they are unable to hire additional staff.

**Effect**

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

**Recommendation**

The District should separate the duties when it becomes feasible. As a compensating control, the District should ensure additional oversight by the superintendent an board regarding financial transaction activity.

WISHEK PUBLIC SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2021 and 2020

**Management's Response**

We concur with the Auditor's recommendation; however considering the size of the District it is not feasible to obtain proper segregation of duties.

**2021-002 Financial Statement Preparation**

**Criteria**

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

**Condition**

The District's auditor prepared the financial statements for the years ended. In addition, adjusting entries were proposed to bring the financial statements into compliance with the modified cash basis of accounting (MCB). 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 MCB. This requires the District's personnel to maintain a working knowledge of current accounting principles in accordance with MCB.

**Cause**

The District elected to not allocate resources to prepare full modified cash basis financial statements.

**Effect**

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

**Recommendation**

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

**Management's Response**

We concur with the auditor's recommendation and will consider the risks and costs associated with the financial statement preparation