BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

FINANCIAL STATEMENTS JUNE 30, 2022

WITH INDEPENDENT AUDITOR'S REPORT

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

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FOR THE YEAR ENDED JUNE 30, 2022

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHOOL OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2022

June 30, 2022

Stuart Coleman	Board President
Matt Johnson	Board Vice President
Michael Haberman	Board Member
Chuck Neubauer	Board Member
Shawn Shultz	Board Member
David Agnes	Board Member
Katie Tofteland	Board Member
Pat Brenden	Superintendent
Deborah Nelson	Business Manager

WIDMER ROEL
CPAs • BUSINESS ADVISORS

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INDEPENDENT AUDITOR'S REPORT

School Board and Administration
Bottineau Public School District No. 1
Bottineau, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Bottineau Public School District No. 1** (School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Bottineau Public School District No. 1**, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Bottineau Public School District No. 1**, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Bottineau Public School District No. 1's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Bottineau Public School District No. 1's** ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 **Bottineau Public School District No. 1's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Bottineau Public School District No. 1's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Employer's Share of Net Pension and OPEB Liability, Schedule of Employer Contributions, Budgetary Comparison Schedule - General Fund, and Notes to the Required Supplementary Information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

The School Officials listing has not been subjected to 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 December 31, 2022, on our consideration of the **Bottineau Public School District No. 1'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 School 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 **Bottineau Public School District No. 1's** internal control over financial reporting and compliance.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 of the financial statements, Governmental Accounting Standards Board (GASB) Statement No.87, *Leases*, which establishes a single model for lease accounting, is effective for entities with a fiscal year beginning July 1, 2021.

Widmer Roel PC

Fargo, North Dakota
December 31, 2022

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

STATEMENT OF NET POSITION
JUNE 30, 2022

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	4,230,240
Investments		1,959,329
Taxes receivable		214,492
Accounts receivable		554,578
Capital assets, net of accumulated depreciation		
Buildings		9,603,753
Equipment		1,863,065
Total assets		18,425,457
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows relating to pensions and OPEB		2,640,915
Total assets and deferred outflows of resources	$	21,066,372
LIABILITIES		
Accounts payable	$	157,231
Current portion of long-term debt		473,560
Long-term liabilities		
Long-term debt, net of current portion		6,760,512
Compensated absences payable		27,162
Net pension and OPEB liability		6,940,694
Total liabilities		14,359,159
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows relating to pensions and OPEB		5,091,195
NET POSITION		
Net investment in capital assets		4,232,746
Restricted for		
Debt services		69,676
Capital projects		3,489,385
Food service		45,493
Student activities		349,843
Unrestricted		(6,571,125)
Total net position		1,616,018
Total liabilities, deferred inflows of resources and net position	$	21,066,372

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Change in Net Position Total
GOVERNMENTAL ACTIVITIES				
Regular programs	$ 6,526,236	$ 44,499	$ 7,607,514	$ 1,125,777
Vocational education	448,131	-	83,834	(364,297)
Federal programs	1,702,709	-	-	(1,702,709)
District wide services	-	62,200	-	62,200
Administration	46,712	-	-	(46,712)
Operations and maintenance	646,890	-	-	(646,890)
Food service	637,415	15,127	504,425	(117,863)
Transportation	94,620	-	-	(94,620)
Student activities	279,361	284,535	-	5,174
Capital outlay	867,073	-	-	(867,073)
Debt service	125,218	-	-	(125,218)
Total governmental activities	$ 11,374,365	$ 406,361	$ 8,195,773	(2,772,231)
GENERAL REVENUES				
Property taxes				3,100,341
Oil and gas tax				979,611
Interest income				16,903
Miscellaneous revenues				95,895
Total general revenues				4,192,750
Change in net position				1,420,519
Net position July 1				195,499
Net position - June 30				$ 1,616,018

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Building Fund	Debt Service Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,421,047	$ 2,405,246	$ 62,838	$ 6,673	$ 334,438	$ 4,230,242
Investments	839,801	1,088,286	-	-	31,241	1,959,328
Accounts receivable	504,817	4,103	6,838	38,820	-	554,578
Taxes receivable	160,210	20,373	33,909	-	-	214,492
Total assets	$ 2,925,875	$ 3,518,008	$ 103,585	$ 45,493	$ 365,679	$ 6,958,640
LIABILITIES						
Accounts payable	$ 133,146	$ 8,250	$ -	$ -	$ 15,836	$ 157,232
DEFERRED INFLOWS OF RESOURCES						
Deferred tax revenue	160,210	20,373	33,909	-	-	214,492
FUND BALANCES						
Committed for						
Student activities	-	-	-	-	349,843	349,843
Restricted for						
Debt services	-	-	69,676	-	-	69,676
Food services	-	-	-	45,493	-	45,493
Capital projects	-	3,489,385	-	-	-	3,489,385
Unassigned	2,632,519	-	-	-	-	2,632,519
Total fund balances	2,632,519	3,489,385	69,676	45,493	349,843	6,586,916
Total liabilities, deferred inflows of resources, and fund balances	$ 2,925,875	$ 3,518,008	$ 103,585	$ 45,493	$ 365,679	$ 6,958,640

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Total fund balances for governmental funds		$	6,586,916
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 are not reported in the governmental funds			
Cost of capital assets	22,749,345		
Less accumulated depreciation	(11,282,527)		
			11,466,818
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds			214,492
Net pension and OPEB obligations are not due and payable in the current period, and therefore are not reported in the governmental funds.			(6,940,694)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
Total deferred outflows of resources	2,640,915		
Total deferred inflows of resources	(5,091,195)		
			(2,450,280)
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable	(27,162)		
Long-term debt	(7,234,072)		
			(7,261,234)
Total net position of governmental activities		$	1,616,018

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Building Fund	Debt Service Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 2,325,967	$ 289,011	$ 480,306	$ -	$ -	$ 3,095,284
Local sources	1,071,743	-	11	-	3,703	1,075,457
State sources	5,692,024	-	-	713	-	5,692,737
Federal sources	1,944,856	-	-	524,366	-	2,469,222
Other sources	114,131	8,799	537	48,980	284,681	457,128
Total revenues	11,148,721	297,810	480,854	574,059	288,384	12,789,828
EXPENDITURES						
Current						
Regular instruction	7,350,536	-	-	-	1,950	7,352,486
Vocational education	398,481	-	-	-	-	398,481
Federal programs	1,663,889	-	-	38,820	-	1,702,709
Administration	33,718	-	-	-	-	33,718
Operations and maintenance	179,253	467,637	-	-	-	646,890
Food service	-	-	-	631,502	-	631,502
Transportation	24,564	-	-	-	70,151	94,715
Student activities	-	-	-	-	279,266	279,266
Capital outlay	1,000	866,073	-	-	-	867,073
Debt service						
Principal	63,267	56,733	320,349	-	-	440,349
Interest and fees	15,373	-	136,125	-	-	151,498
Total expenditures	9,730,081	1,390,443	456,474	670,322	351,367	12,598,687
Excess (deficiency) of revenues over expenditures	1,418,640	(1,092,633)	24,380	(96,263)	(62,983)	191,141
OTHER FINANCING SOURCES (USES)						
Transfers in	-	891,936	-	130,000	70,000	1,091,936
Transfers out	(1,091,936)	-	-	-	-	(1,091,936)
Total other financing sources (uses)	(1,091,936)	891,936	-	130,000	70,000	-
Net change in fund balances	326,704	(200,697)	24,380	33,737	7,017	191,141
FUND BALANCE - JULY 1	2,305,815	3,690,082	45,296	11,756	342,826	6,395,775
FUND BALANCES - JUNE 30	$ 2,632,519	$ 3,489,385	$ 69,676	$ 45,493	$ 349,843	$ 6,586,916

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds		$ 191,141
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:		
Current year capital outlay	832,772	
Depreciation expense	(494,497)	
		338,275
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		466,628
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net decrease in compensated absences		5,574
The net pension and OPEB liability, and related deferred outflows and inflows of resources are reported in the government wide statements; however, activity related to these pension and OPEB items do not involve financial resources, and are not reported in the funds		
Decrease in net pension and OPEB liability	5,080,319	
Decrease in deferred outflows of resources	(1,284,161)	
Increase in deferred inflows of resources	(3,382,314)	
		413,844
Some revenues reported in the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the decrease in taxes receivable along with tuition for local education agencies.		5,057
Change in net position of governmental activities		$ 1,420,519

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Fund
Additions	
Contributions	$ 38,755
Total additions	38,755
Deductions	
Administration expense	4,066
Equipment	34,689
Total deductions	38,755
Change in net position	-
Net position - July 1	-
Net position - June 30	$ -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The financial statements of the Bottineau Public School District No. 1 ("School District"), Bottineau, North Dakota, have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Government Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the activities of the Bottineau Public School District No. 1. The School District has considered all potential component units for which the School District is financially accountable and other organizations for which the nature and significance of their relationships with the School District are such that exclusion would cause the School District's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. Their criteria include appointing a voting majority of an organization's governing board and (1) the ability of the School District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or imposed financial burdens on the School District.

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

Basis of Presentation

Government-Wide Financial Statements: The statement of net position and the statement of activities report information on all the non-fiduciary activities of the primary government of the School District. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customer or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements: The fund financial statements provide information about the School 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, displayed in a separate column. All remaining governmental funds are aggregate and reported as non-major funds.

Measurement Focus and Basis of Accounting

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

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

All revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenue items are considered to be measurable and available only when cash is received by the government.

The School District reports the following major governmental funds:

> *General Fund:* This is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> *Building Fund:* This fund accounts for financial resources dedicated to the construction of new school buildings, additions to old school buildings, the making of major repairs to existing buildings, or to make annual debt service payments on outstanding debt issues related to the building fund.
>
> *Debt Service Fund:* This fund is used to account for the accumulation of resources for, and the payment of principal, interest and related costs for the general obligation school building bonds.
>
> *Food Service Fund:* The fund is used to account for the proceeds of food service revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action.

The School District reports the following fiduciary fund type:

> *Custodial Fund:* This fund accounts for assets held by the School District in a custodial capacity as an agent on behalf of others. The School District’s custodial fund is used to account for various deposits of the school’s trust fund. As of June 30, 2022, the custodial fund had no assets or liabilities.

(Continued)

Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers. In the government-wide financial statements, interfund transactions have been eliminated.

Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the District consist of certificates of deposit stated at cost with maturities in excess of three months.

Capital Assets

Capital assets include property, plant, and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of $5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life 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	20 to 40 years
Equipment	5 to 20 years

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See additional information regarding this item in Notes 8 and 9 to the financial statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has multiple items that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports deferred inflows of resources related to pensions and other post-employment benefits. See additional information regarding this item in Notes 8 and 9 to the financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as assets and amortized over the term of the related debt.

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.

Fund Financial Statements

Government fund equity is classified as fund balance and may distinguish between "Restricted" and "Unrestricted" components. Fiduciary fund equity (except for Custodial Funds, which have no fund equity) is reported as net position held in trust for other purposes.

Restricted and Unrestricted Resources

It is the School District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance and Classification Policies and Procedures

The School District classifies governmental fund balances as follows:

> ***Nonspendable*** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
>
> ***Restricted*** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
>
> ***Committed*** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
>
> ***Assigned*** – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Manager.
>
> ***Unassigned*** – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses *restricted/committed* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use *committed,* then *assigned,* and lastly *unassigned* amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

(Continued)

Program Revenues

In the government-wide statement of activities, reported program revenues derive from the program itself or from parties other than the District's taxpayers or citizenry, as a whole. Program revenues are classified into two categories, as follows:

> ***Charges for services*** – these arise from charges to customers, applicants, or other who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
>
> ***Program-specific operating grants and contributions*** – these arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

Accounts Payable

Accounts payable consists of amounts owed for goods and services received prior to June 30 and chargeable to the appropriations for the year then ended but paid subsequent to that date.

Salaries and Benefits Payable

Salaries and benefits payable consists of salaries earned by employees but not paid until after year-end. It also consists of benefits owed to federal, state, and private agencies for amounts withheld from teacher's salaries as of June 30.

Compensated Absences

Compensated absences consist of annual leave which is compensated at termination of employment at the employee's daily pay rate. The liability for the portion of compensated absences related to annual leave is reported in the government-wide statement of Net Position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System ("NDPERS") and the North Dakota Teachers' Fund for Retirement ("TFFR") and additions to/deductions from NDPERS's and TFFR's fiduciary net positions 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 out 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 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.

(Continued)

New Accounting Pronouncement

After analyzing GASB 87, management has not recorded any lease liabilities or right of use assets as they have deemed the amounts to be immaterial to the overall financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

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 another 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 of 110% of the deposits not covered by insurance or bonds.

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

At year ended June 30, 2022, the District's carrying amount of deposits was $6,189,569 and the bank balances were $6,397,668. Of the bank balance, $929,921 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.

Interest Rate Risk

The District does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit Risk

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

(a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by the Treasury of the United States, or its agencies, instrumentalities, or organizations created by an Act of Congress.
(b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
(c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation.
(d) Obligations of the state.

At June 30, 2022 the District held certificates of deposit in the amount of $1,959,328 which are all considered deposits and included in the above amount of total deposits.

(Continued)

Concentration of Credit Risk

The District does not have a policy limiting the amount the District may invest in any one issuer.

NOTE 3 – TAXES RECEIVABLE

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

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

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

Property owners generally 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 4 – INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of reimbursements due for expenses in the operation of various school programs. These amounts consist of a mix of state and federal dollars.

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Beginning Balance	Additions	Dispositions	Transfers	Ending Balance
Capital assets not being depreciated					
Construction in progress	$ 718,447	$ -	$	$ (718,447)	-
Total capital assets not being depreciated	718,447	-	-	(718,447)	-
Capital assets, being depreciated					
Buildings	16,166,097	678,323	-	718,447	17,562,867
Equipment	5,032,029	154,449	-	-	5,186,478
Total capital assets, being depreciated	21,198,126	832,772	-	718,447	22,749,345
Less accumulated depreciation for					
Buildings	7,717,770	241,344	-	-	7,959,114
Equipment	3,070,260	253,153	-	-	3,323,413
Total accumulated depreciation	10,788,030	494,497	-	-	11,282,527

(Continued)

	Beginning Balance	Additions	Dispositions	Transfers	Ending Balance
Total capital assets, being depreciated, net	10,410,096	338,275	-	718,447	11,466,818
Governmental activities capital assets, net	$ 11,128,543	$ 338,275	$ -	$ -	11,466,818

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

Regular Instruction (School/Student learning)	$ 406,982
Federal Programs	11,618
Vocational Education	19,031
Administration (Business offices)	1,033
Operations & Maintenance	15,291
Food Services (Hot Lunch)	31,075
Student Transportation	703
Student Activities	8,764
	$ 494,497

NOTE 6 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in liabilities reported in the long-term liabilities:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Long-term debt	$ 7,700,700	$ -	$ 466,628	$ 7,234,072	$ 473,560
Compensated absences	32,736	-	5,574	27,162	-
Net pension liability	11,919,777	-	5,048,279	6,871,498	-
Net OPEB liability	101,327	-	32,131	69,196	-
Total	$ 19,754,540	$ -	$ 5,552,612	$ 14,201,928	$ 473,560

The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund. The payments on the bonds will be made by the Debt Service Fund.

Outstanding debt at June 30, 2022 consists of the following issues:

General Obligation Bonds

$7,560,000 General Obligation School Building Bond, Series 2019 dated August 1, 2019 due in annual installments of $456,473.13 on May 1, 2020 through 2039 with interest at 2%.	$ 6,523,856

Debt service requirements on the general obligation bonds, including interest, at June 30, 2022 are as follows:

	Principal	Interest	Total
2023	$ 325,996	$ 130,477	$ 456,473
2024	332,516	123,957	456,473
2025	339,166	117,307	456,473
2026	345,950	110,524	456,474
2027	352,869	103,605	456,474
2028-2032	1,873,068	409,297	2,282,365
2033-2037	2,068,020	214,346	2,282,366
2038-2042	886,271	26,675	912,946
	$ 6,523,856	$ 1,236,188	$ 7,760,044

Revenue Bonds

$1,150,000 Limited Tax Bonds Series 2013 dated June 5, 2013 due in annual installments of $110,000 to $120,000, due on August 1, 2016 through 2023, with interest at 1.338% per annum due semiyearly on February 1 and August 1, commencing February 1, 2016.	$ 120,000

Debt service requirements on the construction loans, including interest, at June 30, 2022 are as follows:

	Principal	Interest	Total
2023	$ 120,000	$ 1,920	$ 121,920
	$ 120,000	$ 1,920	$ 121,920

Certificate of Indebtedness

$650,000 State Aid Certificate of Indebtedness, Series 2020 dated June 1, 2020 due in annual installments of $39,368.64 due on December 1, 2020 through 2039 with interest at 2%.	$ 590,216

Debt service requirements on the certificate of indebtedness, including interest, at June 30, 2022 are as follows:

	Principal	Interest	Total
2023	$ 27,564	$ 12,346	$ 39,910
2024	28,116	11,804	39,920
2025	28,678	11,253	39,931
2026	29,251	10,691	39,942
2027	29,837	10,117	39,954
2028-2032	158,376	41,572	199,948
2033-2037	174,860	25,412	200,272
2038-2042	113,534	7,570	121,104
	$ 590,216	$ 130,765	$ 720,981

NOTE 7 - TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended June 30, 2022.

Fund	Transfer In	Transfer Out
Building fund	$ 891,936	$ -
Food service fund	130,000	-
Student activity fund	70,000	-
General Fund	-	1,091,936
Total	$ 1,091,936	$ 1,091,936

NOTE 8 – PENSION PLANS

General Information about the TFFR Pension Plan

North Dakota Teacher's Fund for Retirement ("TFFR")

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

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

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

Pension Benefits

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

Tier 1 Grandfathered

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

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

Tier 1 Non-grandfathered

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

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

Tier 2

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

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

(Continued)

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, 2022, the Employer reported a liability of $5,510,347 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, 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, 2021, the Employer's proportion was 0.522974321 percent, which was an increase of 0.00648911 from its proportion measured as of July 1, 2020.

For the year ended June 30, 2022, the Employer recognized pension expense of $41,886. At June 30, 2022, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 38,284	$ 232,386
Changes of assumptions	193,549	-
Net difference between projected and actual earnings on pension plan investments	-	1,614,611
Changes in proportion and differences between employer contributions and proportionate share of contributions	176,861	543,627
Employer contributions subsequent to the measurement date	529,684	-
	$ 938,378	$ 2,390,624

$529,684 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 ended June 30, 2023.

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

Year ended June 30:	
2023	$ (526,976)
2024	(455,503)
2025	(440,178)
2026	(571,103)
2027	(22,212)
Thereafter	34,042

Actuarial Assumptions

The total pension liability in the July 1, 2021 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%, including inflation
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.

(Continued)

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, 2021, funding actuarial valuation for TFFR.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equities	55%	6.9%
Global fixed income	26%	0.7%
Global real assets	18%	4.8%
Cash equivalents	1%	-1.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% percent as of June 30, 2021. 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, 2021, 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, 2021. 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, 2021.

(Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of net pension liability	$ 8,273,990	$ 5,510,347	$ 3,215,421

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.

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System) ("NDPERS")

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At June 30, 2022, the Employer reported a liability of $1,361,151, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2021, the Employer's proportion was 0.130591 percent, which was an increase of 0.002971 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Employer recognized pension expense of $183,048. At June 30, 2022, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,499	$ 138,924
Changes of assumptions	1,506,530	1,964,200
Net difference between projected and actual earnings on pension plan investments	-	504,829
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,407	61,404
District contributions subsequent to the measurement date	103,196	-
	$ 1,671,632	$ 2,669,357

$103,196 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 ended June 30, 2023.

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

Year Ended June 30:	
2022	$ (175,417)
2023	(248,190)
2024	(194,187)
2025	(483,127)
2026	-
Thereafter	-

(Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2021 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%	6.00%
International equity	21%	6.70%
Private equity	7%	9.50%
Domestic fixed income	23%	0.73%
International fixed income	0%	0.00%
Global real assets	19%	4.77%
Cash equivalents	0%	0.00%

Discount Rate

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

(Continued)

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 1.92%; and the resulting Single Discount Rate is 7.00%.

Sensitivity of the District'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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of net pension liability	$ 2,164,687	$ 1,361,151	$ 692,080

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 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – ND PERS

General Information about the OPEB Plan

North Dakota Public Employees Retirement System 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, 2022, the Employer reported a liability of $69,196 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2021, the Employer's proportion was 0124414 percent, which was an increase of 0.004022 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Employer recognized OPEB expense of $7,882. At June 30, 2022, the Employer 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	$ 3,974	$ 1,897
Changes of assumptions	10,716	-
Net difference between projected and actual earnings on pension plan investments	-	23,708
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,619	5,609
District contributions subsequent to the measurement date	14,596	-
	$ 30,905	$ 31,214

$14,596 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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 Ended June 30:	
2022	$ (3,006)
2023	(3,176)
2024	(4,013)
2025	(5,079)
2026	369
Thereafter	-

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 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

(Continued)

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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap domestic equities	33%	5.85%
Small cap domestic equities	6%	6.75%
Domestic fixed income	36%	0.50%
International equities	26%	6.25%

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 rates described in this report. 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, 2021, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's proportionate share of net pension liability	$ 102,626	$ 69,196	$ 40,909

NOTE 10 – RISK MANAGEMENT

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

In 1986, the 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, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of $2,000,000 per occurrence for general liability and automobile; and $772,421 for public asset coverage.

The School 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 two 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 School District has worker's compensation with the Department of Workforce Safety and Insurance. The School District pays part of the health insurance premiums for their employees.

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

BOTTINEAU PUBLIC SCHOOL
DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY - PENSIONS
LAST 10 FISCAL YEARS*

Schedule of Employer's Share of Net Pension Liability

Pension Plan	Measurement Date	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liabilit
ND TFFR	7/1/2021	0.522974%	$ 5,510,347	$ 4,030,561	136.71%	75.70%
ND TFFR	7/1/2020	0.516485%	$ 7,904,824	$ 3,768,589	209.76%	63.40%
ND TFFR	7/1/2019	0.548711%	$ 7,557,133	$ 3,849,361	196.32%	65.50%
ND TFFR	7/1/2018	0.556667%	$ 7,419,586	$ 3,784,276	196.06%	65.50%
ND TFFR	7/1/2017	0.538981%	$ 7,403,038	$ 3,637,965	203.49%	63.20%
ND TFFR	7/1/2016	0.578641%	$ 8,477,428	$ 3,759,574	225.49%	59.20%
ND TFFR	7/1/2015	0.599059%	$ 7,834,824	$ 3,684,839	212.62%	62.10%
ND TFFR	7/1/2014	0.606400%	$ 6,353,997	$ 3,517,441	180.64%	66.60%
ND PERS	6/30/2021	0.130591%	$ 1,361,151	$ 1,478,802	92.04%	78.26%
ND PERS	6/30/2020	0.127620%	$ 4,014,953	$ 1,407,799	285.19%	49.44%
ND PERS	6/30/2019	0.132467%	$ 1,552,609	$ 1,377,880	112.68%	71.66%
ND PERS	6/30/2018	0.132422%	$ 2,234,766	$ 1,360,392	164.27%	62.80%
ND PERS	6/30/2017	0.139109%	$ 2,235,938	$ 1,420,084	157.45%	61.98%
ND PERS	6/30/2016	0.144461%	$ 1,407,913	$ 1,455,823	96.71%	70.46%
ND PERS	6/30/2015	0.151638%	$ 1,031,113	$ 1,350,911	76.33%	77.15%
ND PERS	6/30/2014	0.142672%	$ 905,570	$ 1,201,842	75.35%	77.70%

*Complete data for this schedule is not available prior to 2014.

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

Schedule of Employer's Contributions

Pension Plan	Measurement Date	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions a a Percentage of Covered-Employee Payroll
ND TFFR	7/1/2021	$ 513,897	$ (513,897)	$ -	$ 4,030,561	12.75%
ND TFFR	7/1/2020	$ 480,489	$ (480,489)	$ -	$ 3,768,589	12.75%
ND TFFR	7/1/2019	$ 490,794	$ (490,794)	$ -	$ 3,849,361	12.75%
ND TFFR	7/1/2018	$ 482,495	$ (482,495)	$ -	$ 3,784,276	12.75%
ND TFFR	7/1/2017	$ 463,841	$ (463,841)	$ -	$ 3,637,965	12.75%
ND TFFR	7/1/2016	$ 479,346	$ (479,346)	$ -	$ 3,759,574	12.75%
ND TFFR	7/1/2015	$ 469,795	$ (469,795)	$ -	$ 3,684,839	12.75%
ND TFFR	7/1/2014	$ 378,122	$ (378,122)	$ -	$ 3,517,441	10.75%
ND PERS	6/30/2021	$ 109,055	$ (104,746)	$ 4,309	$ 1,478,802	7.08%
ND PERS	6/30/2020	$ 99,685	$ (100,875)	$ (1,190)	$ 1,407,799	7.17%
ND PERS	6/30/2019	$ 100,318	$ (95,991)	$ 4,327	$ 1,377,880	6.97%
ND PERS	6/30/2018	$ 100,199	$ (96,386)	$ 3,813	$ 1,360,392	7.09%
ND PERS	6/30/2017	$ 102,973	$ (87,074)	$ 15,899	$ 1,420,084	6.13%
ND PERS	6/30/2016	$ 105,399	$ (95,941)	$ 9,458	$ 1,455,823	6.59%
ND PERS	6/30/2015	$ 102,612	$ (90,830)	$ 11,782	$ 1,350,911	6.72%
ND PERS	6/30/2014	$ 85,571	$ (85,571)	$ -	$ 1,201,842	7.12%

*Complete data for this schedule is not available prior to 2014.

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

Schedule of Employer's Share of Net Pension Liability - OPEB

Pension Plan	Measurement Date	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liabilit
NDPERS - OPEB	6/30/2021	0.124414%	$ 69,196	$ 1,356,428	5.10%	76.63%
NDPERS - OPEB	6/30/2020	0.120392%	$ 101,273	$ 1,372,438	7.38%	63.38%
NDPERS - OPEB	6/30/2019	0.124382%	$ 99,179	$ 1,377,880	7.20%	63.13%
NDPERS - OPEB	6/30/2018	0.124326%	$ 97,915	$ 1,360,392	7.20%	61.89%
NDPERS - OPEB	6/30/2017	0.131265%	$ 103,832	$ 1,420,084	7.31%	59.78%

*Complete data not available prior to 2018.

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS – OPEB
LAST 10 FISCAL YEARS*

Schedule of Employer's Contributions - OPEB

Pension Plan	Measurement Date	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions a a Percentage of Covered-Employee Payroll
NDPERS - OPEB	6/30/2021	$ 16,311	$ (15,487)	$ 824	$ 1,356,428	1.20%
NDPERS - OPEB	6/30/2020	$ 16,123	$ (16,151)	$ (28)	$ 1,372,438	1.17%
NDPERS - OPEB	6/30/2019	$ 16,025	$ (15,368)	$ 657	$ 1,377,880	1.16%
NDPERS - OPEB	6/30/2018	$ 15,957	$ (15,433)	$ 524	$ 1,360,392	1.17%
NDPERS - OPEB	6/30/2017	$ 16,507	$ (13,942)	$ 2,565	$ 1,420,084	1.16%

*Complete data not available prior to 2018.

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
LAST 10 FISCAL YEARS*

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
REVENUES				
Taxes	$ 3,166,756	$ 3,166,756	$ 2,325,967	$ (840,789)
Local sources	2,841,458	2,841,458	1,071,743	(1,769,715)
State sources	5,579,357	5,579,357	5,692,024	112,667
Federal sources	1,846,514	2,211,584	1,944,856	(266,728)
Other sources	108,545	108,545	114,131	5,586
Total revenues	13,542,630	13,907,700	11,148,721	(1,918,190)
EXPENDITURES				
Current				
Regular instruction	6,710,142	7,075,212	7,350,536	275,324
Vocational education	399,903	399,903	398,481	(1,422)
Federal programs	1,871,340	1,871,340	1,663,889	(207,451)
Administration	33,115	33,115	33,718	603
Operations and maintenance	414,500	414,500	179,253	(235,247)
Transportation	63,282	63,282	24,564	(38,718)
Student activities	298,650	298,650	-	(298,650)
Capital outlay	805,663	805,663	1,000	(804,663)
Debt service				
Principal	433,712	433,712	63,267	(370,445)
Interest and fees	15,464	15,464	15,373	(91)
Total expenditures	11,045,771	11,410,841	9,730,081	(1,680,760)
Excess (deficiency) of revenues over expenditures	2,496,859	2,496,859	1,418,640	(237,430)
Other Financing Sources				
Transfers out	(1,026,475)	(1,026,475)	(1,091,936)	(65,461)
Net change in fund balance	1,470,384	1,470,384	326,704	(302,891)
FUND BALANCE, JULY 1	2,305,815	2,305,815	2,305,815	-
FUND BALANCE, JUNE 30	$ 3,776,199	$ 3,776,199	$ 2,632,519	$ (302,891)

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

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

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

a) The annual budget must be prepared, and School District taxes must be levied on or before the fifteenth day of August of each year.
b) The taxes levied must be certified to the county auditor by twenty-fifth of August.
c) The operating budget includes proposed expenditures and means of financing them.
d) Each budget is controlled by the business manager at the revenue and expenditure function/object level.
e) 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.
f) All appropriations lapse at year-end.

North Dakota Teacher's Fund for Retirement Changes of Assumptions

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

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

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

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

North Dakota Public Employees Retirement System Pension Changes of Benefit Terms

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

North Dakota Public Employees Retirement System Pension Changes of Assumptions

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

OPEB Changes of Benefit Terms

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

OPEB Changes of Assumptions

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SINGLE AUDIT REPORTS AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2022

WIDMER ROEL
CPAs • BUSINESS ADVISORS

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

To the School Board
Bottineau Public School District No. 1
Bottineau, 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 **Bottineau Public School District No. 1**, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise **Bottineau Public School District No. 1's** basic financial statements and have issued our report thereon dated December 31, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Bottineau Public School District No. 1's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Bottineau Public School District No. 1's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **Bottineau Public School District No. 1'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 have not been identified. We identified certain deficiencies in internal control, described in the Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Bottineau Public School District No. 1's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bottineau Public School District No. 1's Response to Findings

Bottineau Public School District No. 1's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **Bottineau Public School District No. 1's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Widmer Roel PC

Fargo, North Dakota
December 31, 2022

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

To the Board of Directors
Bottineau Public School District No. 1
Bottineau, North Dakota

Report on Compliance for Each Major Federal Program

We have audited **Bottineau Public School District No. 1's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on **Bottineau Public School District No. 1's** major federal program for the year ended June 30, 2022. **Bottineau Public School District No. 1's** major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for **Bottineau Public School District No. 1'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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Bottineau Public School District No. 1's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of **Bottineau Public School District No. 1's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Bottineau Public School District No. 1** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Report on Internal Control over Compliance

Management of **Bottineau Public School District No. 1** 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 **Bottineau Public School District No. 1's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Bottineau Public School District No. 1'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Bottineau Public School District No. 1**, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise **Bottineau Public School District No. 1's** basic financial statements. We issued our report thereon dated December 31, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the 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.

Widmer Roel PC

Fargo, North Dakota
December 31, 2022

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipient	Total Federal Expenditures
U.S. Department of Agriculture passed through				
North Dakota Department of Public Instruction				
Child Nutrition Cluster				
Summer Food Service Program	10.559	None	-	432,999
National School Lunch Program	10.555	None	-	15,647
Fresh Fruit and Vegetable Program	10.582	None	-	26,271
Total Child Nutrition Cluster			-	474,917
Child and Adult Care Food Program	10.558	None	-	4,329
State Administrative Expenses for Child Nutrition	10.560	None	-	6,299
Subtotal Department of Agriculture			-	485,545
U.S. Department of Education passed through				
North Dakota Department of Public Instruction				
Coronavirus Aid, Relief, and Economic Security Act Section 1 Elementary and Secondary Education (ESSER)				
Elementary and Secondary School Emergency Relief Fund	84.425D	None	-	639,356
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	None	-	750,841
Total Education Stabilization Fund				1,390,197
Title I - Grants to Local Educational Agencies	84.010	None	-	292,156
Title IV - Twenty-First Century Community Learning Centers	84.287C	None	-	52,825
CLSD Grant	84.371C2	None	-	174,947
Impact Aid	84.041B	None	-	2,080
State Board of Career and Technical Education				
Career and Technical Education - Basic Grants to States	84.048A	None	-	12,520
Subtotal Department of Education			-	1,924,725
U.S. Department of Health and Human Services passed through Regional Education Association				
Epidemiology and laboratory Capacity for Infectious Diseases (ELC)	93.323	None	-	58,953
Subtotal Department of Health and Human Services			-	58,953
Total expenditures of federal awards			$ -	$ 2,469,223

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bottineau Public School District No. 1 under programs of the federal government for the year ended June 30, 2022. 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 Bottineau Public School District No. 1, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bottineau Public School District No. 1.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Bottineau Public School District No. 1 has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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 weakness(es)?	___ yes	X none reported
Noncompliance 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 weakness(es)?	___ yes	X none reported
Type of auditor's report issued on compliance for major programs:		
Elementary and Secondary School Emergency Relief Fund (84.425)	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)?	___ yes	X no

Identification of major programs:

CFDA Number	Name of Federal Program
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan – Elementary and Secondary School Emergency Relief

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

2022-001 (MATERIAL WEAKNESS) – FINANCIAL STATEMENT PREPARATION

Condition

Widmer Roel PC assists management in preparing financial statements that are presented, including note disclosures and the schedule of expenditures of federal awards, in conformity with generally accepted accounting principles.

Criteria

As a matter of internal control, management should be responsible for and capable of preparing financial statements, notes to the financial statements, and the schedule of expenditures of federal awards in conformity with generally accepted accounting principles.

Cause

The School Board feels that it is more cost effective to ask an independent accountant to prepare the complete financial statements and disclosures, rather than to invest in ongoing specialized training that would be necessary.

Effect

Without the assistance of the auditors, the financial statements and the schedule of expenditures of federal awards could be misstated or omit material financial statement disclosures.

Recommendation

We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures. We further recommend that a responsible official review a current appropriate disclosure checklist or other guidance to ensure the financial statements contain all necessary disclosures.

Views of Responsible Officials

The Business Manager and Superintendent will review the financial statement notes and provide feedback to the auditor as necessary.

2022-002 (MATERIAL WEAKNESS) – SEGREGATION OF DUTIES

Condition

The limited number of personnel prevents a proper segregation of duties to ensure adequate internal control.

Criteria

To ensure adequate internal control over financial reporting and prevent material misstatements due to errors or fraud, there should be a segregation of the functions of approval, custody of assets, posting, and reconciliation.

Cause

Due to the size of the District, it has not allocated resources for sufficient staff to ensure adequate segregation of approval, custody of assets, posting, and reconciliation.

Effect

Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees or management in the normal course of performing their assigned functions.

Recommendation

We recommend that management be aware of the lack of segregation of duties and implement controls wherever possible to mitigate this risk. We recommend that the District implement and/or continue the following:

- All invoices should be reviewed and approved by an administrator and the School Board.
- Ideally, all checks should be signed by a School Board member.
- The individual responsible for printing and mailing checks should be separate from the individual responsible for authorizing payments, signing checks, and preparing the back reconciliation.
- Monthly income statements and balance sheets should be reviewed and approved by a responsible official and the School Board.
- Bank reconciliations should be reviewed and approved by someone separate from bank reconciliation responsibilities.
- Two people should be responsible for counting cash, and both individuals should sign off on all daily cash receipts.

Views of Responsible Officials

The District is aware of this risk and will continue to apply its existing oversight controls.

SECTION III – MAJOR FEDERAL AWARD FINDINGS

NONE NOTED

BOTTINEAU PUBLIC SCHOOL DISTRICT NO. 1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

2021-001 (MATERIAL WEAKNESS) – FINANCIAL STATEMENT PREPARATION

Condition

Widmer Roel PC assists management in preparing financial statements that are presented, including note disclosures and the schedule of expenditures of federal awards, in conformity with generally accepted accounting principles.

Criteria

As a matter of internal control, management should be responsible for and capable of preparing financial statements, notes to the financial statements, and the schedule of expenditures of federal awards in conformity with generally accepted accounting principles.

Effect

Without the assistance of the auditors, the financial statements and the schedule of expenditures of federal awards could be misstated or omit material financial statement disclosures.

Recommendation

We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures. We further recommend that a responsible official review a current appropriate disclosure checklist or other guidance to ensure the financial statements contain all necessary disclosures.

Views of Responsible Officials

The Business Manager and Superintendent will review the financial statement notes and provide feedback to the auditor as necessary.

Current Status

Widmer Roel will continue to assist with the preparation of the District's financial statements. The finding remains open and is reported as 2022-001.

2021-002 (MATERIAL WEAKNESS) – SEGREGATION OF DUTIES

Condition

The limited number of personnel prevents a proper segregation of duties to ensure adequate internal control.

Criteria

To ensure adequate internal control over financial reporting and prevent material misstatements due to errors or fraud, there should be a segregation of the functions of approval, custody of assets, posting, and reconciliation.

Effect

Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees or management in the normal course of performing their assigned functions.

Recommendation

We recommend that management be aware of the lack of segregation of duties and implement controls wherever possible to mitigate this risk. We recommend that the District implement and/or continue the following:

- All invoices should be reviewed and approved by an administrator and the School Board.
- Ideally, all checks should be signed by a School Board member.
- The individual responsible for printing and mailing checks should be separate from the individual responsible for authorizing payments, signing checks, and preparing the back reconciliation.
- Monthly income statements and balance sheets should be reviewed and approved by a responsible official and the School Board.
- Bank reconciliations should be reviewed and approved by someone separate from bank reconciliation responsibilities.
- Two people should be responsible for counting cash, and both individuals should sign off on all daily cash receipts.

Views of Responsible Officials

The District is aware of this risk and will continue to apply its existing oversight controls.

Current Status

Current staff size prevents resolution of the finding. The finding remains open and is reported as 2022-002.

2021-003 (SIGNIFICANT DEFICIENCY) – MULTIPLE BANK ACCOUNTS/OFF BOOKS DEALS

Condition

The school district has approximately 34 separate bank accounts held at four different banks. Of those accounts, 11 relatively small, primarily activity fund accounts with total balances of approximately $8,000 at June 30, 2021, are not included in the district's accounting software.

Criteria

Under generally accepted accounting principles, all cash accounts in the name of the district should be included in the financial statements. As a matter of internal control, the accounting software should include all accounts to be presented in the financial statements.

Effect

Having more bank accounts than what is necessary to accomplish the school districts statutory and strategic objectives can increase the risk of financial statement errors. It also creates an additional administrative burden on management to track, monitor, and reconcile all of the accounts. Furthermore, not having some of the accounts included in the accounting software results in understatement of cash, as well as potentially revenues and expenditures.

Recommendation

We recommend that the board, business manager, and superintendent review the accounts and consider consolidating or closing some of the bank accounts. We further recommend that all remaining accounts be included in the district's accounting software.

Views of Responsible Officials

The District will take this under consideration and discuss possibly closing some of the smaller accounts with the District Finance Committee.

Current Status

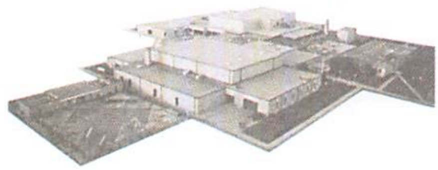
The deficiency has been resolved.

Bottineau Public School District No. 1

NCA Accredited Since 1940

Stuart Coleman, President
Katie Tofteland, Vice President
Dave Agnes, Director
Michael Haberman, Director
Matt Johnson, Director
Chuck Neubauer, Director
Shawn Shultz, Director

Deborah Nelson, Business Manager



Pat Brenden, Superintendent
Adam Beyer, Principal (7-12)
Brian Palmer, Principal (K-6)

Jr.-Sr. HS (7-12) (701) 228-2266
Elementary School (K-6) (701)228-3718
Fax Number (701) 228-2021

301 Brander Street • Bottineau, North Dakota 58318-1199

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

The Bottineau Public School District No. 1 respectfully submits the following views of responsible officials and planned corrective action for the year ended June 30, 2022.

Name and address of independent public accounting firm:

Widmer Roel PC
4220 31st Avenue S
Fargo, ND 58104

Audit period: June 30, 2022

Contact person: Deborah Nelson, Business Manager

The findings from the June 30, 2022 Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2022-001 PREPARATION OF FINANCIAL STATEMENTS

Condition

Widmer Roel PC assists management in preparing financial statements that are presented, including note disclosures and the schedule of expenditures of federal awards, in conformity with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action

The Business Manager along with the Superintendent will review all the footnotes below to provide Widmer Roel PC, with direction on how the special ed unit will address their findings.

***Anticipated Completion Date*:** N/A

2022-002 – SEGREGATION OF DUTIES

Condition

The limited number of personnel prevents a proper segregation of duties to ensure adequate internal control.

Views of Responsible Officials and Planned Corrective Action

Bottineau Public School District No. 1 does not have adequate resources to obtain proper internal controls to properly segregate duties. We will continue to segregate duties to the extent possible.

***Anticipated Completion Date*:** N/A

Sincerely yours,

Deborah L Nelson

Deborah Nelson
Business Manager
Bottineau Public School District No. 1